



Cholamandalam Investment and Finance Company Limited

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

Tel: 044-30007172; Fax: 044-25346464;

Website: www.cholafinance.com; Email: investors@chola.murugappa.com;

NOTICE OF POSTAL BALLOT (Pursuant to section 192A of the Companies Act, 1956)

To
The Members of Cholamandalam Investment and Finance Company Limited
NOTICE is hereby given pursuant to section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011, for the following special resolution proposed to be passed by way of Postal Ballot:

For seeking the approval of the shareholders of the Company under sections 81 and 81(1A) of the Companies Act, 1956 to offer, issue and allot equity shares and/or convertible securities, as permitted by SEBI ICDR Regulations (all of which are hereinafter collectively referred to as 'Securities') or combination thereof aggregating to about Rs. 300 crores (Rupees three hundred crores only), in one or more tranches, to any person or entities including 'Qualified Institutional Buyers' through private placement(s) or a combination thereof including issuance of Securities through 'Qualified Institutions Placement' in terms of Chapter VIII of the SEBI ICDR Regulations.

In accordance with Section 192A of the Companies Act, 1956, the consent of the members is sought by way of postal ballot for the aforesaid purpose. The draft resolution and the explanatory statement setting out all the material facts and reasons for the proposal appended hereto are being sent to you along with the Postal Ballot Form for casting your votes. Members may please note that the voting on the resolution as contained in this notice may be made through postal ballot. Further, the Company has appointed Central Depository Services Ltd., (CDSL), as the agency for electronic voting in this regard and such of the shareholders who wish to vote electronically may follow the instructions given for e-voting, as appended to this notice.

The Board of Directors have appointed Mr. R Sridharan of M/s. R Sridharan & Associates, Company Secretaries, as Scrutiniser for conducting the Postal Ballot voting process in a fair and transparent manner.

You are requested to read the instructions printed on the Postal Ballot Form carefully and return the Form duly completed and signed in the attached self-addressed, Business Reply envelope, so as to reach the Scrutiniser on or before the close of working hours (18:00 hrs) on Saturday, 2 February 2013. Please note that any Postal Ballot Form(s) received after the closing hours of the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutiniser will submit his report to the Chairman of the Company after completion of the scrutiny of the Postal Ballots. The results of the Postal Ballot will be announced by the Chairman or any other Director of the Company on Monday, 4 February 2013 at 10.30 a.m. at the registered office of the Company at "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai – 600 001. The results of the Postal ballot will also be displayed at the Registered Office and posted on the Company's website - www.cholafinance.com besides communication to the Stock Exchanges where the company's shares are listed.

The date of declaration of the results will be treated as the date of passing of the said resolution. The resolution being a Special Resolution, will be declared as passed if the votes cast in favour of the resolution is three times more in number than the votes cast against the resolution.

In compliance with provisions of Section 192A of the Act read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and Listing Agreement, members may cast their votes either through Postal Ballot form or through electronic form (e-voting). Those members opting for e-voting may follow the procedure, as recommended by CDSL, the e-voting agency appointed by us, as stated in Page no. 6 of this notice.

By Order of the Board
For Cholamandalam Investment and Finance Company Limited

Chennai
27 December, 2012

P Sujatha
Company Secretary

RESOLUTION FOR POSTAL BALLOT

(Pursuant to section 192A of the Companies Act, 1956)

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

RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) (the "Act"), 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, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR Regulations") and the provisions of the Securities and Exchange Board of India Act, 1992, including the rules, regulations and the guidelines notified thereunder and the circulars issued thereunder, the provisions of the Foreign Exchange Management Act, 1999 (the "FEMA"), and any other rules, regulations notified under FEMA and circulars issued under FEMA 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 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 members of the Company be and is hereby authorized to create, offer, issue and allot equity shares and/or convertible securities, as permitted by SEBI ICDR Regulations (all of which are hereinafter collectively referred to as "Securities") or any combination of Securities, as permitted by SEBI ICDR Regulations, in one or more tranches, to any person or entities including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise) including 'Qualified Institutional Buyers' as such term is defined in Regulation 2(1)(zd) of SEBI ICDR Regulations through private placement(s) or a combination thereof, including issuance of Securities through 'Qualified Institutions Placement' in terms of Chapter VIII of SEBI ICDR Regulations (the "QIP Securities"), whether they be holders of equity shares or other securities of the Company or not, as may be decided by the Board in their discretion and permitted under applicable laws and regulations, of an aggregate amount not exceeding Rs.300 crores (Rupees three hundred crores only) or equivalent thereof, inclusive of such premium as may be fixed on such Securities by offering the Securities through private placement(s) at such time or times, at such price or prices, at a discount or premium to market price or prices, as the Board may determine in accordance with SEBI ICDR Regulations, in such manner and on such terms and conditions as may be deemed appropriate by the Board in compliance with SEBI ICDR Regulations and such shares shall be allotted within such time as may be allowed by SEBI ICDR Regulations, considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or other advisor(s), as the Board at its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT the relevant date for determination of the applicable price for the issue of the equity shares, shall be the date on which the Board decides to open the proposed issue.

RESOLVED FURTHER THAT the relevant date for determination of the applicable price for the issue of the convertible securities, shall be the date on which the Board decides to open the proposed issue of convertible securities.

RESOLVED FURTHER THAT such number of these Securities to be issued as are not subscribed, may be disposed of by the Board, subject to applicable laws, regulations and guidelines, to such persons in such manner and on such terms as the Board in its absolute discretion thinks fit.

RESOLVED FURTHER THAT the prices determined for qualified institutions placement shall be subject to appropriate adjustments if the Company, pending allotment under this resolution:

- a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares;
- b) makes a rights issue of equity shares;
- c) consolidates its outstanding equity shares into a smaller number of shares;

- d) divides its outstanding equity shares including by way of stock split;
- e) re-classifies any of its equity shares into other securities of the issuer;
- f) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.

RESOLVED FURTHER THAT in case of issue and allotment of the QIP Securities to Qualified Institutional Buyers (“QIBs”) in terms of Chapter VIII of the SEBI ICDR Regulations:

- (i) the Board may offer such Securities at a price which shall not be less than the price prescribed in Chapter VIII of SEBI ICDR Regulations as amended from time to time including a discount of up to 5% of the floor price calculated in accordance with Regulation 85(1) of SEBI ICDR Regulations;
- (ii) the issue and allotment of Securities shall be made only to QIBs within the meaning of SEBI ICDR Regulations and such Securities shall be fully paid up on its allotment, which shall be completed within 12 months from the date of this resolution approving the proposed issue, or such other time that may be allowed under SEBI ICDR Regulations from time to time;
- (iii) the Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange and except as may be permitted by SEBI ICDR Regulations and
- (iv) The tenure of the convertible Securities issued through qualified institutions placement shall not exceed sixty months from the date of allotment.

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and subject to approvals, consents, permissions, if any, from any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval for the preliminary as well as final placement document, determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, conversion price, price discovery and the basis of allocation, face value, premium amount on issue, execution of various transaction documents and agreements, to remunerate the lead managers and all other agencies and intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds including but without limitation to the creation of such mortgage, hypothecation, charge on the Company's immovable and movable assets, both present and future, under Section 293(1)(a) of the Act, in respect of the Securities either on *pari passu* basis or otherwise, or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT Mr. N Srinivasan, Vice Chairman 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 and to settle all questions, difficulties or doubts that may arise in relation to the issue of Securities on preferential basis to give effect to this resolution.

RESOLVED FURTHER THAT

- a. the equity shares issued shall rank *pari passu* in all respects including entitlement to dividend with the existing equity shares of the Company and upon conversion of any Securities or as may be necessary in

accordance with the terms of the offering, all such equity shares shall rank *pari passu* with the existing equity shares of the Company in all respects;

- 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 allottees 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 sign and submit the requisite forms and 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;
- e. the Board be and is hereby authorised to delegate all or any of its powers to a Committee of Directors or one or more 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 with the investor/s or before any governmental authority(ies) / Depositories / Stock exchanges or any other regulatory body and
- f. the Board be and is hereby authorized to appoint such consultants, Book runners, Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Merchant Bankers and any other advisors and professionals as may be required and to pay them such fees, commission and other expenses as they deem fit.

By Order of the Board
For Cholamandalam Investment and Finance Company Limited

Chennai
27 December, 2012

P Sujatha
Company Secretary

**ANNEXURE TO NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(2) OF THE COMPANIES ACT, 1956**

The Board of Directors at their meeting held on 27 December 2012 had considered the capital raising proposal of the Company to meet the projected growth in loan disbursements and to augment the capital adequacy ratio (CAR) of the Company.

Accordingly, the Board considered an issue of equity shares and/or convertible securities as permitted by SEBI ICDR Regulations (all of which are hereinafter collectively referred to as "Securities") or any combination of Securities, of an aggregate amount not exceeding Rs.300 crores (Rupees three hundred crores only) to investors including to 'Qualified Institutional Buyers' as such term is defined in Regulation 2(1)(zd) of SEBI ICDR Regulations, as a preferential issue including by way of 'Qualified Institutions Placement' in terms of Chapter VIII of SEBI ICDR Regulations ("QIP Securities").

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer/issue/allotment/conversion/redemption would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into equity shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Listing Agreement.

As per section 81(1A) of the Companies Act, 1956, approval of the members is required for the proposed allotment of equity shares on a 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 Securities on preferential basis as stated in the resolution.

The proposed special resolution seeks the enabling authorisation of the members of the Company to the Board, without the need of any further approval from the members, to undertake the preferential issue including issue and allotment of QIP Securities.

Pursuant to the above, the Board may, in one or more tranches, issue and allot Securities on such date as may be determined by the Board but not later than 12 months from the date of passing of the resolution.

Further, considering the proposed issue of Securities, as the existing authorised equity share capital of the Company is Rs.150 crores as against a paid up equity share capital of Rs.132 crores, it is proposed to consider the issue within the existing limits of authorized equity share capital of Rs.150 crores. Accordingly, the approval of the shareholders is being sought through Postal Ballot for issue of equity shares through preferential allotment.

As your Company is a listed company, the proposed issue is in terms of the provisions of SEBI ICDR Regulations and other applicable regulations. 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 offer is to meet the growth requirements and augment CAR.

Relevant Date & Price:

The pricing of the Securities that may be issued to qualified institutional buyers pursuant to a qualified institutions placement shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of SEBI ICDR Regulations.

The "Relevant Date" for this purpose will be the date when the Board decides to open the qualified institutions placement for subscription. The relevant date for determination of the applicable price for the issue of the convertible securities, shall be the date on which the Board decides to open the proposed issue of convertible securities.

Vide a notification dated October 12, 2012, SEBI has amended the ICDR Regulations to permit Companies offering a QIP to offer a discount of not more than 5% on the price calculated in accordance with Chapter VIII of SEBI ICDR Regulations subject to approval of the members by a special resolution. Therefore, your Company wishes to obtain specific approval from its members for offering and issuing the shares at a discount of not more than 5% (or such other discount as may be prescribed by SEBI from time to time) on the price of the Securities, as determined by the Board, subject to the pricing formula prescribed under Chapter VIII of SEBI ICDR Regulations.

Intention of promoters / persons related to the promoters to subscribe to the offer:

In accordance with SEBI ICDR Regulations, no allotment shall be made, either directly or indirectly, to any qualified institutional buyer who is a promoter or any person related to promoters of the Company.

Proposed time within which the allotment shall be complete:

As required under SEBI ICDR Regulations, the allotment of Securities will be completed within 12 months from the date of the passing of this resolution.

Restriction on sale of shares:

The equity shares shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange and except as may be permitted by SEBI ICDR Regulations.

Interest of Directors:

None of the Directors of the Company is interested or concerned in the proposed resolution, 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.

The existing Memorandum and Articles of Association of the Company will be open for inspection at the Registered office of the Company during business hours on all working days between 11.00 a.m. and 1.00 p.m. up to 2 February 2013.

By Order of the Board
For Cholamandalam Investment and Finance Company Limited

Chennai
27 December, 2012

P Sujatha
Company Secretary

PROCEDURE AND INSTRUCTIONS FOR E-VOTING

The procedure and instructions for e-voting are as follows:

- i. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- ii. Now click on “Shareholders” tab to cast your votes
- iii. Now, select the Electronic Voting Sequence Number - “EVSN” along with “CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED” from the drop down menu and click on “SUBMIT”
- iv. Now, fill up the following details in the appropriate boxes:

User-ID	For Members holding shares in Demat Form:- a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- • Folio Number registered with the Company
Password	Your Unique password is printed on the Postal Ballot Form / via email forwarded through the electronic notice
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting

- v. After entering these details appropriately, click on “SUBMIT”.
- vi. Members holding shares in Physical form will then reach directly to the voting screen.
- vii. Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- ix. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- x. For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Postal Ballot Notice.
- xi. On the voting page, you will see Resolution Description and against the same the option ‘YES / NO’ for voting. Enter the number of shares (which represents number of votes) under YES / NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
- xii. Click on the Resolution File Link if you wish to view the entire Postal Ballot Notice.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. Corporate/Institutional Members (corporate/FIs/FIIs/Trust/Mutual Funds/Banks, etc.) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to rsaevoting@gmail.com with copy to helpdesk.evoting@cDSLindia.com. The file scanned image of the Board Resolution should be in the naming format “Corporate Name _EVSN”.
- xvi. If you wish to provide feedback on the e-voting system, click on ‘Suggestions’. In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cDSLindia.com.