

Cholamandalam Investment and Finance Company Limited

Board of Directors approves raising of Rs. 500 crs through issue of Compulsorily Convertible Preference Shares

Chennai, 27th July, 2014:

The Board of Directors at their meeting held on 26 July 2014 considered and approved an issue of 50,000,000 Compulsorily Convertible Preference Shares ("CCPS") of Rs 100 each aggregating to Rs 5,000 Million (Rupees five billion only) on a preferential basis as permitted by SEBI (ICDR) Regulations to investors as a preferential issue in terms of Chapter VII of the SEBI (ICDR) Regulations.

This capital infusion will help the Company to meet the business growth and augment the Tier 1 capital adequacy ratio (CAR).

The CCPS will bear a dividend coupon of 1% per annum payable from the date of allotment of CCPS till the date of conversion into equity shares. The CCPS shall be converted into equity shares at the expiry of 12 months from the date of allotment or earlier at the discretion of the Board.

The entire CCPS issue will be subscribed by funds advised by the global private equity firm Apax Partners ("Apax Funds").

The proposed preferential issue is subject to the approval of the members of the Company and any other applicable regulatory approvals.

Commenting on the occasion, Mr S Vellayan, Managing Director of Cholamandalam said

"We are glad to have the opportunity to work with Apax a leading global PE firm in this round of capital infusion"

Commenting on the occasion, Mr. Shashank Singh, Managing Director and Head of Apax's India office said, "Apax Funds are delighted and proud to be partnering with the Murugappa Group, one of India's leading and most-respected groups. We believe in the long term secular growth runway of Indian retail financial services and Cholamandalam is well positioned in this space, with an outstanding management team and exposure to attractive lending segments."

Advisors

Axis Capital Limited was the exclusive transaction advisor to Cholamandalam for this fund rise.

The M&A advisor to Apax Funds was Kotak Mahindra Capital Company. Khaitan & Co and Kirkland & Ellis LLP were legal counsel for Apax Funds on this transaction.

About Cholamandalam Investment and Finance Company Limited

Cholamandalam Investment and Finance Company Limited was incorporated in 1978 as the financial services arm of the Murugappa Group. Chola commenced business as an equipment financing company and has today emerged as a comprehensive financial services provider offering vehicle finance, home loans, home equity loans, SME loans, investment advisory services, stock broking and a variety of other financial services to customers. Chola operates from over 575 branches across India with assets under management above INR

25,000 Crores. The subsidiaries of Cholamandalam include Cholamandalam Securities Limited (CSEC) and Cholamandalam Distribution Services Limited (CDSL). The vision of Chola is to help people enter a better life. Chola has a growing clientele of over 7.5 lakh happy customers across the nation. Ever since its inception and all through its growth, the company has kept a clear sight of its values. The basic tenet of these values is a strict adherence to ethics and a responsibility to all those who come within its corporate ambit - customers, shareholders, employees and society.

About Murugappa Group

Founded in 1900, the INR 243 Billion Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including eleven listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Sabero Organics Ltd., Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Cycles, Sugar, Farm Inputs, Fertilisers, Plantations, Bio-products and Nutraceuticals, the Group has forged strong alliances with leading international companies like Groupe Chimique Tunisien, Foskor, Mitsui Sumitomo, Morgan Crucible and Sociedad Química y Minera de Chile (SQM). The Group has a wide geographical presence spanning 13 states in India and 5 continents.

Renowned brands like BSA, Hercules, Ballmaster, Ajax, Parry's, Chola, Gromor and Paramfos are from the Murugappa stable. The organization fosters an environment of professionalism and has a workforce of over 32,000 employees.