Chola

Enter a better life

STRONGER TOGETHER

Collaborating for Success!

Cholamandalam Investment and Finance Company Limited

Annual Report 2019 - 2020

Chola

Enter a better life

Note: Across this report, the word 'Chola' refers to 'Cholamandalam Investment and Finance Company Limited.'

Forward-looking statement

In this Annual Report we may have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

STRONGER TOGETHER

Collaborating for Success!

> "Alone we can do so little, together we can do so much"
>
> ***– Helen Keller***

Chola has embodied the spirit of togetherness in its long journey of over forty years. The very success of the company is by virtue of its long standing relationships with all stakeholders. While it is natural for partners to share in success, it is during uncertain times that Chola feels obliged to support its stakeholder ecosystem. The challenges posed by a softening economic growth and the Covid-19 pandemic have provided Chola with an opportunity to renew this commitment of working together with all its stakeholders.

Chola has committed itself to financial inclusion, with more than 82% branches in tier II and beyond. Chola derives strength from its long history of financing First Time Borrowers (FTB) and New To Credit (NTC) customers in these markets. Chola's strong market position in its target customer segments has enabled it to support the automobile manufacturers and their channel partners with customised financing solutions during times of liquidity crunch in the market. Chola has grown by enabling a trustworthy and symbiotic relationship with all its banking partners. Chola has grown by virtue of sharing its prosperity with its shareholders and investors. Chola's success over the years has been made possible through tireless contribution of many generations of its employees. Chola has also acknowledged the role of society in the company's success by giving back through many of its CSR initiatives.

In its stakeholder driven journey, Chola believes that the whole is greater than the sum of the parts. Amidst the ongoing challenges facing the industry and the economy, Chola will continue to leverage its relationships with stakeholders for enabling mutual success.

CONTENTS

CORPORATE OVERVIEW

MANAGEMENT REPORTS

FINANCIAL STATEMENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M.M. Murugappan
Mr. N. Ramesh Rajan
Mr. Ashok Kumar Barat
Ms. Bhama Krishnamurthy
Mr. Rohan Verma
Mr. Arun Alagappan
Mr. Ravindra Kumar Kundu

SECRETARY

Ms. P. Sujatha
Phone: 044 40907172 (B) 40907055 (D)
Fax: 044 25346464
E-mail: sujathap@chola.murugappa.com

AUDITORS

M/s. S.R. Batliboi & Associates LLP Chartered Accountants
6th & 7th Floor, "A" Block, Tidel Park,
(Module 601, 701 & 702)
No.4 Rajiv Gandhi Salai, Taramani, Chennai - 600 113
Phone: 044 - 66548100 I Fax: 044 - 22540120

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

L65993TN1978PLC007576

REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Private Limited
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad - 500 032
Phone: 040 67161514 I Toll-free No.: 1800-345-4001
Fax: 040 23420814

ABOUT CHOLA

Chola
Enter a better life

Cholamandalam Investment and Finance Company Limited (Chola), 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 equity loans, home loans, SME loans, wealth management, stock broking and a variety of other financial services to customers.

Chola operates from 1091 branches across India with assets under management above INR 66,943 Crores. The subsidiaries of Chola are Cholamandalam Securities Limited (CSEC) and Cholamandalam Home Finance Limited (CHFL).

The vision of Chola is to enable customers enter a better life. Chola has a growing clientele of over 11 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.

VISION

Enable Customers to Enter a Better Life.

MISSION

Customer first	:	Switch from product focused to Customer focused
Improving Efficiencies	:	Long term Customer focus requires profitability and sustainability
People Power	:	People are our Primary Asset. Happier people = Happier Customers

PRODUCTS WE OFFER

- COMMERCIAL VEHICLE LOANS
- PASSENGER VEHICLE LOANS
- TWO WHEELER LOANS
- TRACTOR LOANS
- CONSTRUCTION EQUIPMENT LOANS
- HOME EQUITY
- HOME LOANS
- SME LOANS
- CHOLA WEALTH *Let's Grow Together*

ABOUT MURUGAPPA GROUP

Founded in 1900, the INR 381 Billion (38,105 Crores) Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including nine listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Financial Holdings 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., Shanthi Gears Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Transmission systems, Cycles, Sugar, Farm Inputs, Fertilisers, Plantations, Bio-products and Nutraceuticals, the Group has forged strong alliances with leading international companies such as Groupe Chimique Tunisien, Foskor, Mitsui Sumitomo, Morgan Advanced Materials, Sociedad Química y Minera de Chile (SQM), Yanmar & Co. and Compagnie Des Phosphat De Gafsa (CPG). The Group has a wide geographical presence all over India and spanning 6 continents.

Renowned brands like BSA, Hercules, Montra, Mach City, Ballmaster, Ajax, Parry's, Chola, Gromor, Shanthi Gears and Paramfos are from the Murugappa stable. The Group fosters an environment of professionalism and has a workforce of over 51,000 employees.

For more details, visit ***www.murugappa.com***

VALUES & BELIEFS

The Spirit of Murugappa Group comprises "The Five Lights", each light representing one value of the Group.

INTEGRITY: We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

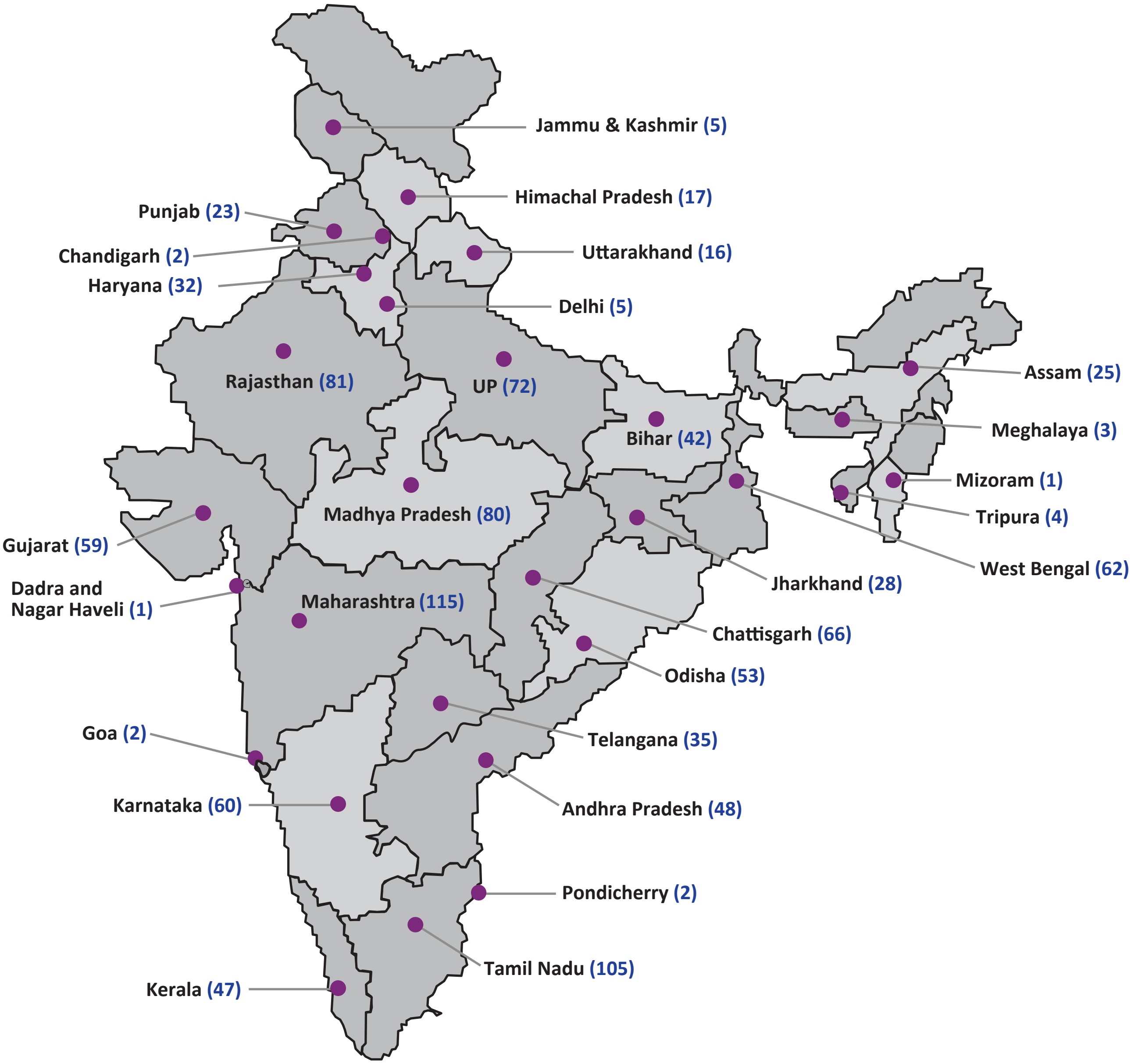
PASSION: We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

QUALITY: We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

RESPECT: We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

RESPONSIBILITY: We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that benefits our size and also reflects our humility.

OUR PRESENCE



- **1091 branches across 29 states/Union territories as on 31st March 2020**
- **82% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns**

"Your company has displayed commendable tenacity in the face of adversity. The company was one among the first in the industry to activate a robust Business Continuity Plan."

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It is during the times of uncertainty and challenges, that robust businesses with strong underlying fundamentals stand out from the rest. The financial year 2019-20 has been one such challenging year for the NBFC industry in India and its allied sectors including automotive, real estate and MSMEs. The year saw a significant decline in the automotive sales across product categories, especially in commercial vehicles. The real estate sector and MSMEs were significantly affected towards the latter half of the year due to a liquidity crunch and muted demand. The COVID-19 outbreak has further extended the already underlying challenges.

Industry review

Owing to multiple headwinds, commercial vehicle industry closed the year FY 20 with a 29% de-growth. Despite the expectation of an improvement in rural demand due to a good Rabi crop, the outbreak of COVID-19 has led to restricted movement of goods and lesser demand in the Light Commercial Vehicles (LCV) segment. Used commercial vehicle sales however, is less likely to be impacted in FY 21 considering lower market prices, BS VI transitioning an extended time gap in regularization of the new vehicle supply chain. Domestic Car and Utility vehicle industry witnessed two consecutive years of decline for the first time in a decade, with a de-growth of 18% in FY 20. Tractor industry had a de-growth of 10% in FY 20 due to weak farm sentiments in the first half of the year, together with erratic rainfall and the onslaught of COVID-19 during March 2020. A faster recovery of the rural sector with a good Rabi harvest, normal monsoon, government support through farm subsidies and direct income support to farmers is expected to aid tractor demand in FY 21. Government's thrust towards doubling farm income is also expected to drive long term growth in this segment. The two-wheelerindustry had a de-growth of 18% in FY 20 due to weak consumer sentiment, subdued rural demand and an increase in cost of ownership.

Across the Home Equity business, NBFCs have progressively lost market share in the Loan Against Property (LAP) product post FY 17 owing to efforts to contain asset quality deterioration and yield pressure. Growth rate of NBFCs in the Home Equity business until FY 21 is expected to be 5 - 7%, almost half the overall industry growth rate of 13 - 14% during this period.

The Indian Housing Finance market is estimated to be ₹21 lakh crore and grew at around 10 - 14% in FY 20. The growth in the affordable housing finance segment, estimated at ₹3 lakh crore, continued to out-pace the overall housing finance market and is estimated to grow between 15 - 20% in the coming years. The national mission of 'Housing for All by 2022' continues to be at the forefront of the Government's initiatives. The subsidy offered to customers through the PMAY (Pradhan Mantri Awas Yojana) - CLSS (Credit Linked Subsidy Scheme) has helped in affordable housing growth. Further, RERA (Real Estate (Regulations and Development) Act, 2016) brought in transparency in housing transactions as well as allayed customer fears of investing in under-construction projects thus further boosting demand. Given this environment, the demand for affordable housing continues to remain intact and may emerge as a favored asset class for investors.

Company review

Despite the prevailing challenges, your company has displayed commendable tenacity in the face of adversity. The company was one among the first in the industry to activate a robust Business Continuity Plan. Your company had initiated targeted actions towards financial planning, business strategy realignment, employee productivity re-focus, IT enablement and renewed customer engagement post the onset of COVID-19. The company continues to exercise significant advantage owing to a strong cash balance and high liquidity.

In the year gone by, your company managed to increase its closing assets by 11% year over year. For the year FY 20, the total income increased by 24% and the net margin increased by 19% in comparison with the previous year. As a matter of abundant caution, your company has set aside an additional provision of ₹534 crores (including ₹30 crores of Macro provision created in FY 19) to meet any contingencies that may arise. Accordingly, net profit before tax dropped 14.6% over the previous year.

Looking ahead, the NBFC industry will see a definite stress in the short term. However, I remain confident of the return to normalcy in disbursement growth and gradual reduction of stress on the assets by the second half of the financial year 2021. As a financial engine that services the liquidity requirements of the vast majority of rural India, the economic recovery requires the NBFC industry to stay healthy.

Your company shall continue to be prudent and ensure it is adequately prepared to ride the wave when the economic activities return to normalcy. Your company has over a period of time invested in upgrading itself digitally, with a strong emphasis on ramping up in-house analytics and technology capabilities. These investments will hold the company in good stead in a post COVID-19 world.

On behalf of the company and board of directors, I welcome on board, Ms. Bhama Krishnamurthy. I also take this opportunity to congratulate Mr. Arun Alagappan on his elevation as managing director and Mr. Ravindra Kumar Kundu on his appointment as an executive director of the company. I wish them well and great success in their new roles.

I would like to take this opportunity to thank all our employees for their sustained contribution. Further, I would like to thank the Board and RBI for their guidance and support. I would also like to thank our shareholders, bankers and business partners for their continued support for our company over the years. We will continue to stay focused and work together with all our stakeholders to ensure we all succeed together.

Best wishes,

M.M. Murugappan

MESSAGE FROM THE MANAGING DIRECTOR

*"If you want to go fast, go alone;
If you want to go far, go together."*

- African proverb

"Foremost objective of the management was to ensure your company provides sufficient support to its employees and customers at a time of uncertainty."

Dear Shareholders,

The above saying embodies Chola's approach to promoting togetherness with its stakeholders. The continued success of our business over the past four decades is a testament to our ability to work with our partners - our employees, our customers, our banking partners, our OEM relationships, our investors and all our well-wishers. In a world of dependencies, these relationships have been significant contributors to the incredible growth your company has witnessed. In the coming months, your company expects to draw strength from these strategic partnerships to navigate the challenges ahead.

Addressing the elephant in the room..

The COVID-19 situation has significantly impacted businesses across industries. Your company has undertaken a host of initiatives to mitigate itself from the evolving risks. A comprehensive scenario planning exercise has been conducted to evaluate the resultant impact of lockdown on disbursements, collections and the dependent financial metrics. The company has also re-evaluated the quality of underlying assets and stress tested the same across vehicle finance, home equity and home loan businesses. The company had proactively reached out to the senior leadership of several automobile OEMs to assess their strategies and accordingly re-plan our product-wise and geography-wise disbursements. The credit policies have been revamped to ensure improved sourcing quality. A targeted collection strategy has been built to identify low/medium/high risk customer segments and manage repayments post the moratorium period.

The company has also built adequate liquidity to offer moratorium to our customers, while not having availed any moratorium from our lenders. In addition, the company has also pruned its expenses through multiple cost reduction measures, the effects of which shall be visible in the coming quarters. While the COVID-19 crisis has impacted the ongoing business activities in the short term, we are confident of the company's business returning back to normalcy soon.

People focus

Foremost objective of the management was to ensure your company provides sufficient support to its employees and customers at a time of uncertainty. Your company has launched an employee assistance program with on-call counselling support, setup zonal helpdesks to support insurance claims and hospital admissions, launched multiple touch points to provide employees with periodic guidance and ramped up their IT infrastructure to provide all possible support to employees working from home. The customers have been provided with moratorium facility, in line with RBI circulars and Board approved policy, to ensure they don't face the burden of loan repayment during the lockdown phase.

Identifying opportunities amidst the crisis

Every crisis presents an opportunity to emerge stronger, and the current scenario is no different. As pioneers in the NBFC industry, Chola has always been at the forefront of innovation and change. This crisis too, provides an opportunity to re-shape your company's strategies and increase our share of business in the markets we serve. In line with the objective, multiple growth initiatives have been accelerated into implementation post COVID-19. These include enhanced use of digital platforms for disbursements, collections, lead generation, ramping up our ability to remotely interact with customers and field assets, enabling implementation of the Digital Data Centre and ramp up in the capabilities of our digital portal GaadiBazaar. These interventions shall ensure that the company is ahead of the curve when the crisis settles down and markets return to normal.

"This crisis too, provides an opportunity to re-shape your company's strategies and increase our share of business in the markets we serve. In line with the objective, multiple growth initiatives have been accelerated into implementation post COVID-19."

The year gone by..

The financial year 2019-20 saw the economic activity in the country grow at a tepid pace throughout the year. In addition, the closing month of the year faced multiple disruptions, both on the supply as well as the demand side. The weakness in the market was further exaggerated by the COVID-19 outburst, thereby shrinking the disbursements for the quarter ended Mar'20 by 36% against the same period in FY 19. Despite having registered a 9% increase in disbursements until Q3 FY 20 over the last year, the disproportionate drop in disbursements in Q4 FY 20 had a significant impact on the overall numbers for the year. The slowing demand coupled with an emphasis to maintain asset quality resulted in your company reducing its net disbursements by 4% in the past year.

Despite the difficulties in sourcing disbursements, your company's closing assets have grown by 11% year on year. Also, notwithstanding stress in overall economy and resultant cashflow issues faced by customers, your company was able to restrict the increase in Stage 3 assets (90 days overdue) at 3.8% of the overall assets as against 2.7% as of Mar'19. The provision coverage towards these stage 3 assets was increased to 41.5% as against 38% in Mar'19, in order to meet any contingencies that may arise from a slower economic recovery and resultant stress on the recovery process.

Vehicle Finance

Focus on high yield products and gaining market share

The overall vehicle finance disbursement was at ₹23,387 Cr for FY 20. The business was impacted due to a severe decline in the auto Industry, across product segments including HCV, LCV, MLCV, Car and MUV. Higher disbursements from Used, 3-wheeler and 2-wheeler products helped the business to offset the drop in disbursement across other traditional segments to a large extent. The industry dynamics coupled with a conscious focus on high yield products resulted in a change of disbursement mix for the vehicle finance business. The high yield products, including cars & MUV, 2-wheeler, 3-wheeler, tractors and used products gained disbursement share at the expense of commercial vehicles. This enabled the business to restrict the decline in vehicle finance disbursements to 6% against FY 19. A key highlight for FY 20 has been your company's ability to significantly increase its market share across product categories including LCV, mini-LCV, car & MUV, 3-wheeler, 2-wheeler, tractor and construction equipment during the year.

On the collections front, economic slowdown along with COVID-19 pandemic led to a slowdown across sectors resulting in lower cash flows among customers during the year. Despite these headwinds, the use of a robust early warning system and an aggressive collection strategy has helped the business manage collections in the current context and restrict the Gross Stage 3 assets to 2.91%.

Home Equity

Preserving asset quality through a conservative disbursement strategy

The Home Equity business witnessed a muted growth in disbursements in line with the overall industry trend. The business had also undertaken a conservative underwriting approach to preserve asset quality during the past year. This resulted in the overall disbursements for FY 20 being 5% lower than the previous year. However, the Assets Under Management (AUM) for Home Equity business managed to grow by 11% for the year FY 20. The COVID-19 pandemic and the resultant cash flow issues of the customers might increase the stress on the collections in the coming quarters. But, a low LTV at origination for Chola's Home Equity portfolio provides adequate security cover against potential delinquencies in this segment.

In FY 20, the Home Equity business had prioritized reimagination of its entire loan processing journey, starting from customer onboarding, KYC verification, credit analysis till disbursement. The business has successfully developed and rolled out a digitized loan journey, resulting in an enhanced Loan Origination System (LOS) and Loan Management System (LMS).

Home Loans

Focus on business expansion

The Affordable Home Loans business continued to increase its disbursements, growing by 30% year on year in FY 20. The business has also witnessed a steady increase in its number of customers, with 24,000 live accounts as of Mar'20, an increase of 68% over the previous year. The disbursements in FY20 continued to be focused on business owners with semi-formal income and significant business vintage. The business continues to focus on growing deep in the locations present, in order to become a significant player in these regions. The business has also undertaken significant efforts to increase efficiency of operations through various waste reduction initiatives.

As far as the industry is concerned, a conducive environment for demand growth in affordable housing segment persists. The affordable housing segment continues to be extensively supported by government policies, including the national mission of 'Housing for All by 2022', the Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme, implementation of RERA and substantial income tax benefits.

Positive investor sentiment and strong cash flows

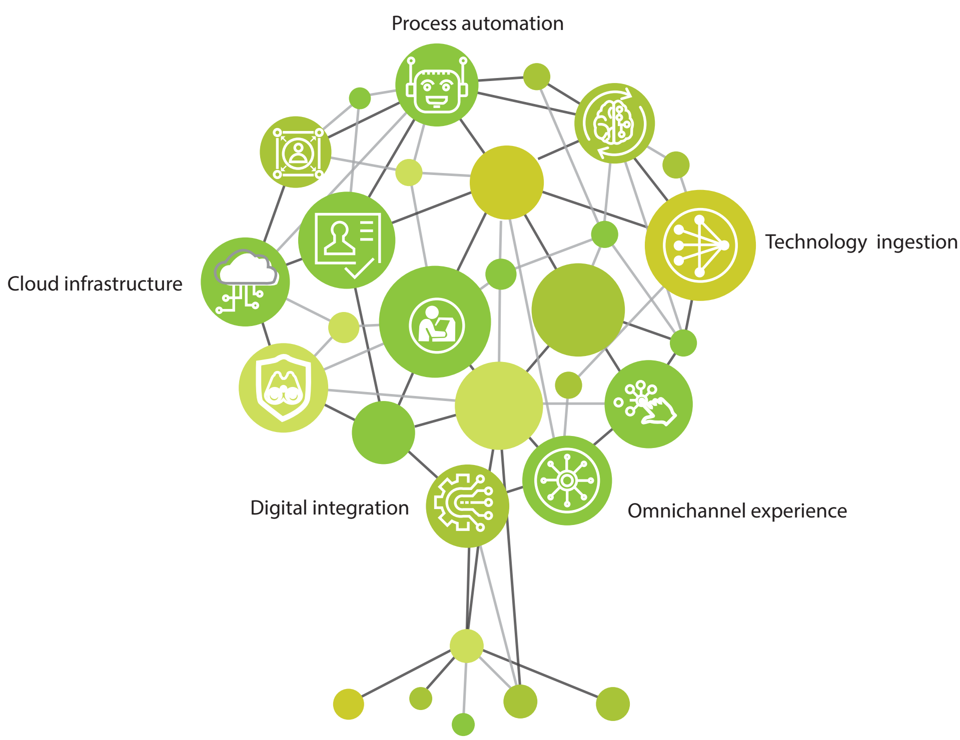
The strong business fundamentals of your company were once again affirmed by overwhelmingly successful investment rounds, by both Indian and overseas investors. Your company raised ₹1200 Cr by way of equity infusion in FY20 to strengthen its capital adequacy ratio. Of this ₹1200 Cr, ₹900 Cr was placed through a Qualified Institutional Placement (QIP) process, which was oversubscribed by nearly 4 times by marque investors, both domestic and overseas. The balance ₹300 Cr was subscribed by the promoters.

Given the uncertainties in the market, your company was conservative in the year gone by with respect to maintaining cash reserves. As of Mar'20, your company was strongly placed with sufficient liquidity by way of liquid cash and sanctioned undrawn lines, which were adequate to meet our forthcoming commitments for the next 6 months.

This strong liquidity position shall be a significant competitive advantage for your company in the coming year.

> *"As of Mar'20, your company was strongly placed with sufficient liquidity by way of liquid cash and sanctioned undrawn lines, which were adequate to meet our forthcoming commitments for the next 6 months."*

Transforming into a digital and analytics powered company



Your company continues to invest in strengthening inhouse Technology and Data Analytics capabilities. Above and beyond the existing Underwriting models, your company has also relied on machine learning tools and platforms for continuously refining the predictive models across credit, sales, collections and risk functions. The nuanced capability has helped Chola achieve best in class systems to predict and strategize for credit risk, field collections efficiency, sales productivity, cross sell efficiency, audit and fraud monitoring. Significant automation efforts have helped Chola launch process automation bots and increase cognitive automation. The operationalization of a state of the art Digital Data Centre in the coming year will further strengthen the company's data management capabilities.

Your company has not restricted its focus on technology enablement for its business functions alone. Chola has proactively managed customers' and other stakeholders' experience too through technology ingestion. Digitizing ecosystem touchpoints, providing a consistent omnichannel experience and presenting a bouquet of self-service features has been central to enhancing the user experience.

The End to end digital integration with auto OEMs, enhancing digital integration with channel partners, setting up alternate digital collection modes, evaluating options for remote investigation of field assets using video PD, instituting digital KYC process, etc. are some of the key initiatives underway to facilitate digitization. In the year gone by, Chola has also embraced the Cloud infrastructure across its business functions. The shift to cloud technology shall help your company with a flexi-scalable server infrastructure, a robust software update platform, ability to collaborate, better data management abilities and an enterprise class technology for all business users. The company shall fully leverage these enhancements in the coming quarters, in order to amplify our competitive advantage.

"Chola has proactively managed customers' and other stakeholders' experience too through technology ingestion. Digitizing ecosystem touchpoints, providing a consistent omnichannel experience and presenting a bouquet of self-service features has been central to enhancing the user experience."

On behalf of the Board of Directors, I would like to thank our customers, shareholders, banking partners, automobile manufacturers, channel partners and the RBI for reposing trust and faith in us. Last but not the least, I would like to whole heartedly thank my colleagues for going above and beyond their call of duty to support the business. With your continued support I eagerly look forward to the upcoming year.

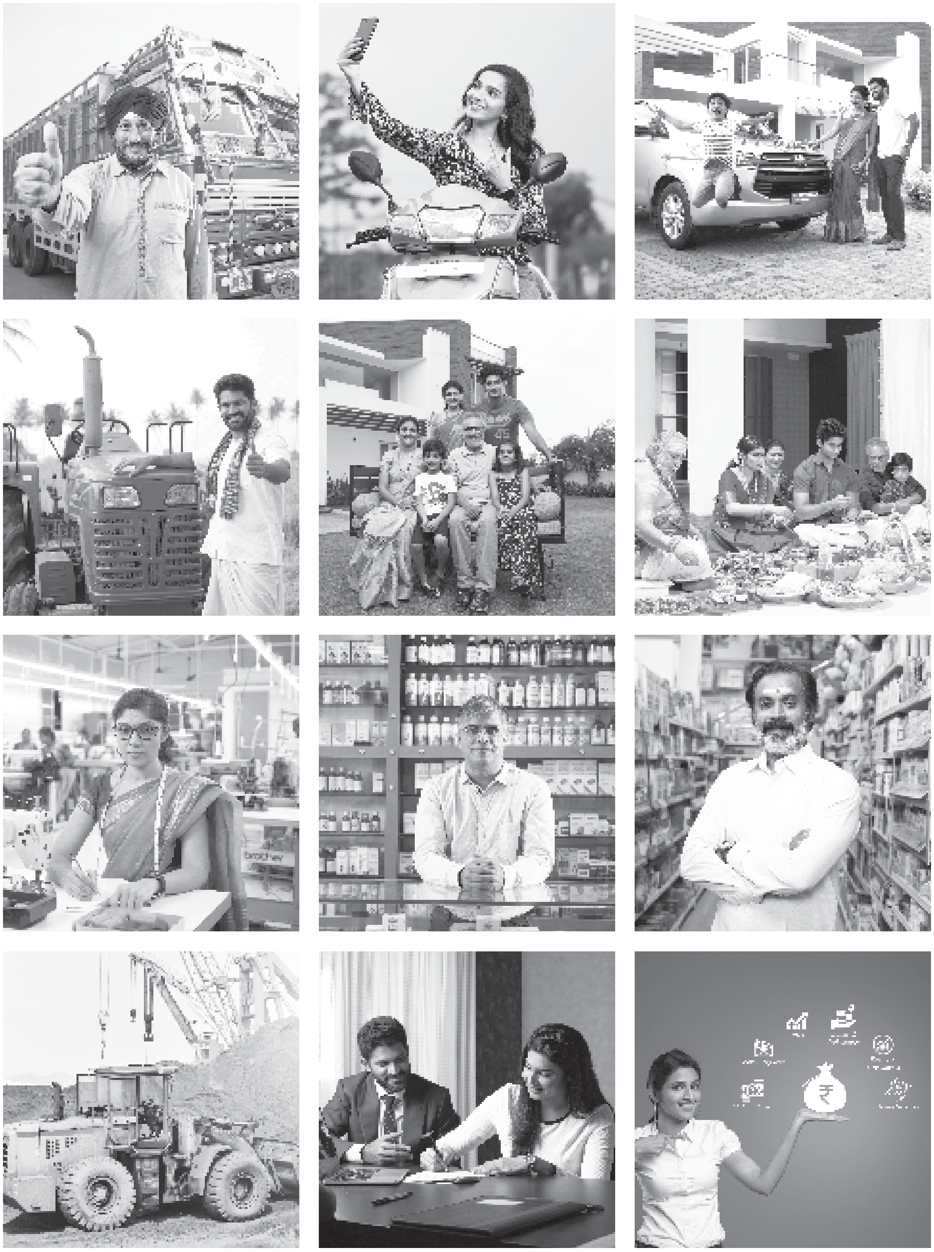
Best wishes,

Arun Alagappan

STRONGER TOGETHER

Collaborating for Success!

Enabling Millions Enter A Better Life



BOARD OF DIRECTORS

Mr. M.M. Murugappan
(64 years) DIN: 00170478
Chairman & Non - Executive Director

- Is the Executive Chairman of Murugappa Corporate Advisory Board.
- Has over 41 years of experience in diverse areas including strategy and business development, technology and human resources.
- Holds a Bachelor's degree in Chemical Engineering from the AC College of Technology, University of Madras, India and a Master of Science Degree in Chemical Engineering from the University of Michigan, Ann Arbor, Michigan, USA.
- Is the non-executive chairman of Cholamandalam Financial Holdings Limited, Cholamandalam MS General Insurance Company Limited, Coromandel International Limited, Tube Investments of India Limited and Carborundum Universal Limited.
- Is a non-executive director on the boards of Mahindra & Mahindra Ltd. and Cyient Ltd.
- Served on the Board of Governors of IIT Madras, for six years till November 2011 and has enabled many industry academic partnerships. Now serves on the board of the IIT-Madras Research Park and is a mentor to many companies incubated there.
- Is a Trustee of the Group's AMM Foundation, actively involved in the development of various citizenship initiatives, particularly in education, health care, performing arts and sports.
- Has been a non - executive director of Chola since 31 May, 2018 and Chairman of the Board since 26 July, 2018. Prior to that, had served the Board of Chola as a non - executive director from January, 2015 till October, 2017.

- Graduate in Commerce, a Fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and CPA (Australia). Is a certified Mediator empaneled with the Ministry of Corporate Affairs, Government of India.
- Has long and distinguished executive career in the corporate sector until retirement in 2016 as the Managing Director and Chief Executive Officer of Forbes & Company Limited. Has held leadership positions in various Indian and multinational organizations, both in India and overseas - Hindustan Lever Limited, RPG Group, Pepsi, Electrolux, Telstra, and Heinz.
- Mentors budding entrepreneurs and advises companies on strategy, performance improvement and governance initiatives.
- Is a director on the Board's of DCB Bank Limited, Mahindra Intertrade Limited, Bata, Huhtamaki and Wacker Metroark Chemicals Private Limited (a subsidiary of Wacker Chemie AG). Is the Member of Managing Committee of ASSOCHAM and President of The Council of EU Chambers of Commerce in India.
- Is a past President of the Bombay Chamber of Commerce and Industry.
- Joined the Board of Chola in October, 2017.

Mr. Ashok Kumar Barat
(63 years) DIN: 00492930
Independent Director

Mr. N. Ramesh Rajan
(62 years) DIN: 01628318
Independent Director

- Graduate in Commerce, a fellow member of the Institute of Chartered Accountants of India.
- Has 38 years of experience in the fields of finance, strategy and operations.
- Was the Chairman and Senior Partner, PwC India responsible for overall strategy and operations of all PwC entities in India. As Chairman & Senior Partner had represented India on the Global Strategy Council of PwC International and served as a member on PwC's Central Cluster led by PwC, UK.
- Is the founder and senior partner of LeapRidge Advisors LLP.
- Is the Chairman of Indo National Limited and is also on the Boards of TTK Healthcare Limited and Kineco Limited.
- Joined the Board of Chola in October, 2018.

Mr. Rohan Verma

(34 years) DIN: 01797489

Independent Director

- Holds a Bachelor degree in Electrical Engineering from Stanford University and an MBA from London Business School.
- Is a recipient of the President's Award for Academic excellence in Stanford University and Dean's List and Distinction Award from London Business School.
- Is an Entrepreneur and a technology thought leader who created India's very first interactive mapping portal mapmyindia.com at the age of 19 and has since built many technology innovations in the maps and location space.
- Is a director on the Board of C.E. Info Systems Private Limited (MapmyIndia), India's leading maps, navigation, location technologies and GPS IoT company incorporated in 1992.
- Is the Founder and Chairman of Infidreams Industries Private Limited, focused on creating social good through technology.
- Is a member of the FICCI Young Leaders Forum.
- Joined the Board of Chola in March, 2019.

Ms. Bhama Krishnamurthy

(65 years) DIN: 02196839

Independent Director

- Holds a masters degree in science from Mumbai University
- Has a career spanning over 35 years in IDBI (now IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations.
- Has varied management and leadership experience in resource raising, forex, treasury operations, credit dispensation and management, risk management, credit function, head of branch operations and human resources division.
- Is on the boards of various companies including Reliance Industrial Infrastructure Limited, Network18 Media and Investments Limited, Five Star Business Finance Limited, Muthoot Microfin Limited, CSB Bank Limited and Thirumalai Chemicals Limited.
- Joined the board of Chola in July, 2019.

Mr. Arun Alagappan

(43 years) DIN: 00291361

Managing Director

- Graduate in Commerce and has completed Owner/President Management Program at Harvard Business School.
- Has over 20 years of experience and has held senior management positions in various units of the group viz., Parryware, Tube products of India and lastly as the President of TI Cycles.
- Was instrumental in forging the alliance with Roca and under his leadership, TI Cycles has grown into an INR 14.8 Billion business, with leading indigenous brands like BSA, Hercules, Montra, Lady Bird and affiliation with international brands like Ridley, Bianchi, Cannondale.
- Is on the Boards of Lakshmi Machine Works Limited, Cholamandalam Home Finance Limited, Roca Bathroom Product Private Limited, White Data Systems India Private Limited and few other Murugappa group Companies.
- Was the Executive Director of the Chola between August, 2017 till 14 November, 2019.
- Appointed as the Managing Director of Chola effective 15 November, 2019.

Mr. Ravindra Kumar Kundu

(51 years) DIN: 07337155

Executive Director

- Graduate in Commerce and has completed Post Graduate Programme in Management for Senior Executives from the Kellogg School of Management, Indian School of Business and an Executive Programme in Global Business Management from the Indian Institute of Management Calcutta.
- 32 years of professional experience in automobile and financial services industry including 20 years in Chola.
- Joined Chola as Senior Executive Marketing in 2000 and handled various functions including credit, collections before taking up the role of Business Head of Vehicle Finance division of Chola.
- Is on the Boards of Cholamandalam Securities Limited and White Data Systems India Private Limited.
- Has been the Executive Director of Chola since January, 2020.

BUSINESS HIGHLIGHTS

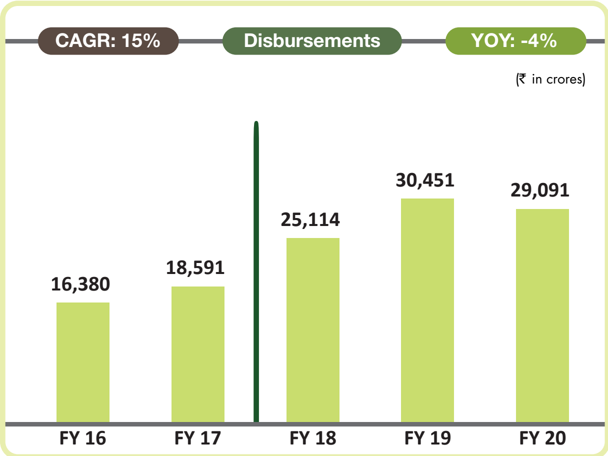
(₹ in crores)

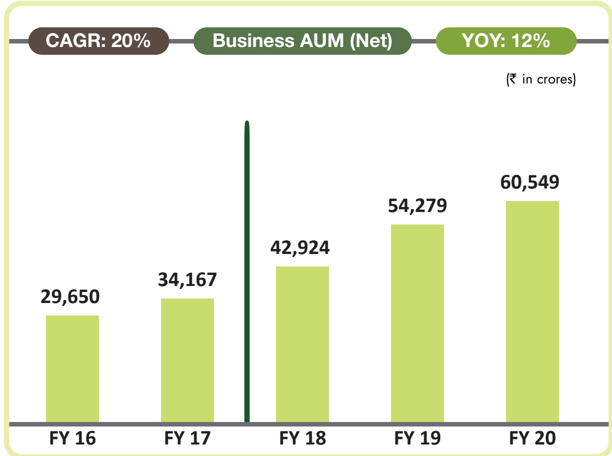
KEY FIGURES (STANDALONE)	IND_AS			I_GAAP	
PARTICULARS	**FY20**	**FY19**	**FY18**	**FY17**	**FY16**
Branch Network (in nos.)	1091	911	870	709	534
Disbursement	29,091	30,451	25,114	18,591	16,380
Assets Under Management (AUM)	66,943	57,560	43,629	35,110	30,362
Net Income Margin (NIM)	4,061	3,404	2,820	2,430	2,143
Operating profit	2,483	2,134	1,705	1,416	1,298
Profit Before Tax (PBT) (# For FY 20 before considering one time provisions for COVID impact of Rs. 504.36 Cr.)	1,586 2,090#	1,823	1,401	1,106	871
Profit After Tax (PAT) (# For FY 20 before considering one time provisions for COVID impact of Rs. 334.72 Cr (post tax impact))	1,052 1,387#	1,186	918	719	568
Key Ratios (in %) *					
NIM	6.8	6.8	7.5	8.6	8.7
Expense Ratio	2.6	2.6	3.0	3.6	3.4
Gross NPA /Gross Stage 3 Assets	3.8	2.7	3.4	4.7	3.5
Net NPA / Stage 3 (Net off ECL) Assets	2.2	1.7	2.2	3.2	2.1
Tier I Capital	15.3	12.4	13.2	13.6	13.3
Tier II Capital	5.4	4.9	5.1	5.0	6.4
Capital Adequacy Ratio	20.7	17.4	18.4	18.6	19.7
Return on Total Assets - PBT (# For FY 20 before considering one time provision of COVID impact)	2.7 3.5#	3.7	3.7	3.9	3.6
Return on Equity (# For Fy 20 before considering one time provision of COVID impact)	15.2 20.0#	20.9	19.6	18.0	16.7
Growth Ratios (in %)					
AUM Growth	16.3	31.9	24.8	15.6	15.9
Disbursement Growth	-4.5	21.3	35.1	13.5	27.9
Book Value per Share Growth	26.2	21.1	18.9	17.1	15
Branch Efficiency Ratios (in crores)					
Disbursements per Branch	26.7	33.4	28.9	26.2	30.7
NIM per Branch	3.7	3.7	3.2	3.4	4.0
PAT per Branch (# post tax impact before considering one time provision of COVID impact)	1.0 1.3#	1.3	1.1	1.0	1.1

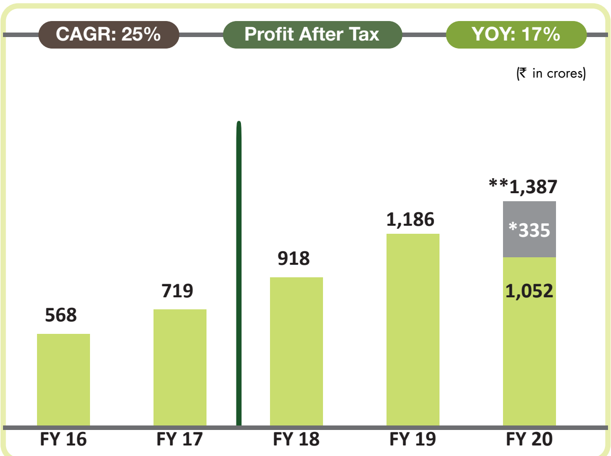
Note:

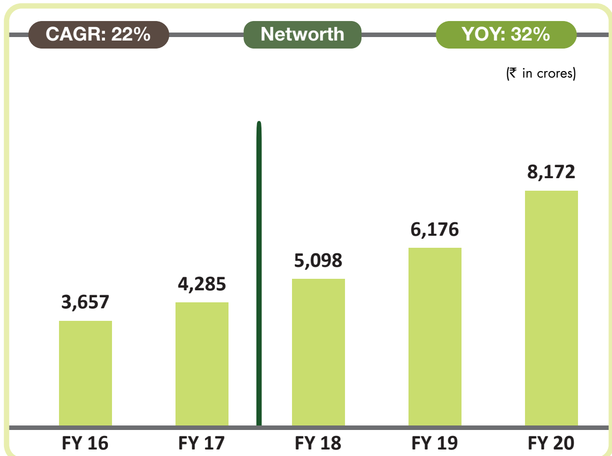
a. * Growth Ratios (in %) for FY18 is as per IGAAP, since for FY 17 Ind AS is not applicable.
b. Gross Stage 3 Assets and Stage 3 Assets (Net off ECL) is as per Ind AS
c. Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable
d. Refer glossary section for terms and ratios

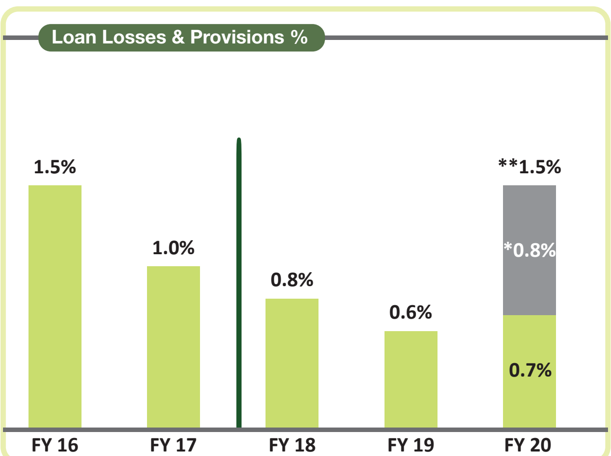
CHOLA - FINANCIAL SUMMARY

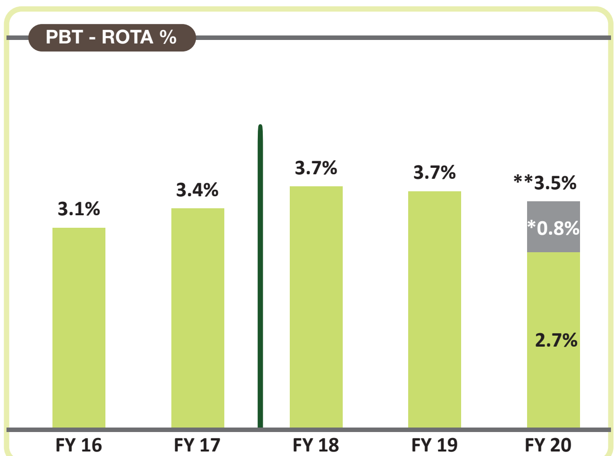








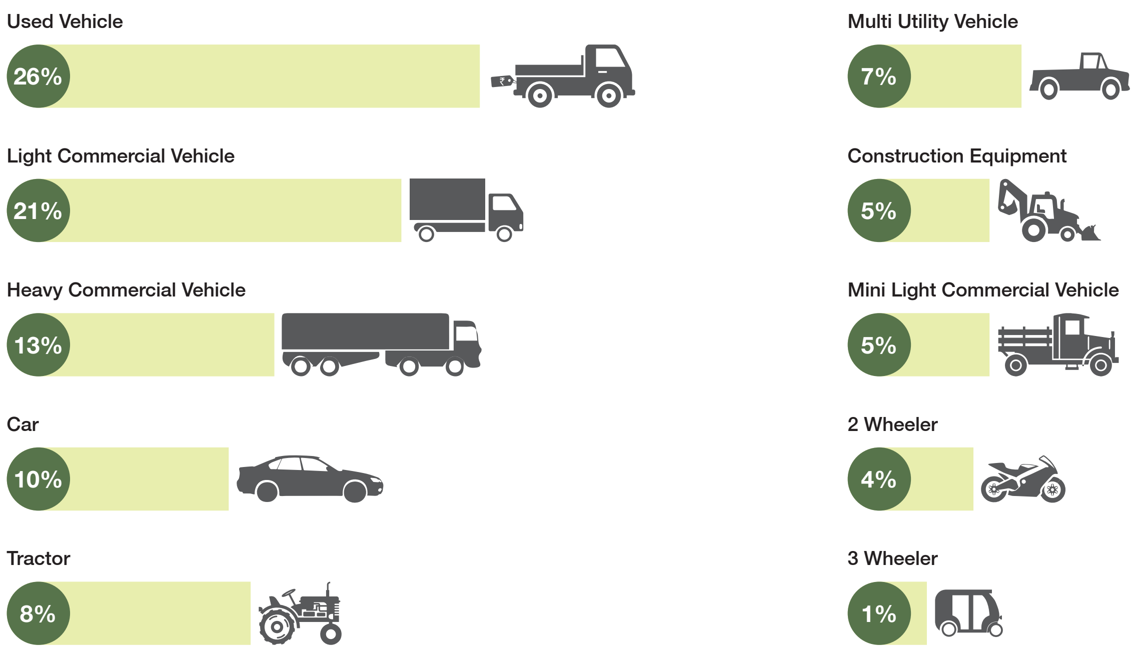




Note: a. * One time provision for COVID 19 + Macro provision
b. ** PAT, Overall loan losses and ROTA-PBT before COVID & Macro provision
c. Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable
d. Refer glossary section for terms and ratios

BUSINESS REVIEW - VEHICLE FINANCE

Diversified Asset Portfolio



Key Differentiators

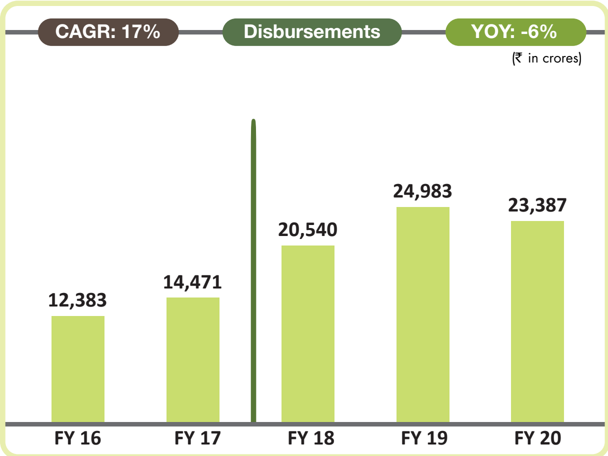
- Stable player in the market for more than four decades
- Seasoned and high vintage employees
- Strong dealer and manufacturer relationships
- Diversified in terms of Product, Geography & Customer segments
- Deeply rooted in the semi urban & rural markets in addition to urban markets
- Experienced & In-house Sales, Credit Ops, Collection and Legal feet on street
- Quicker Turn Around Time with strong Internal Control Systems
- Customized product offerings for target customers
- Digital led business model offering best in class stakeholder experience
- Data and Analytics driven Underwriting and Collections
- Gaadibazaar – digital platform for buying and selling new and used vehicles

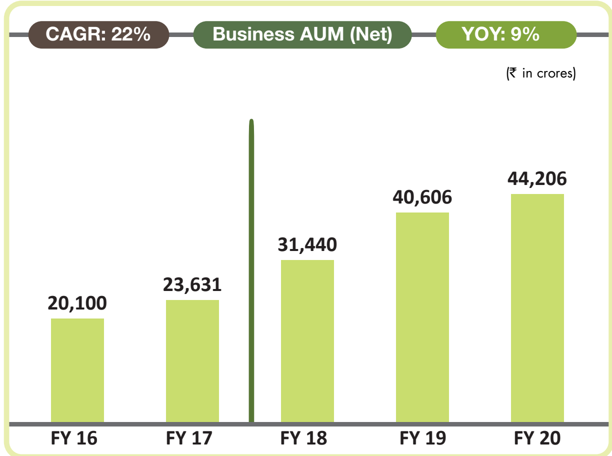
Awards

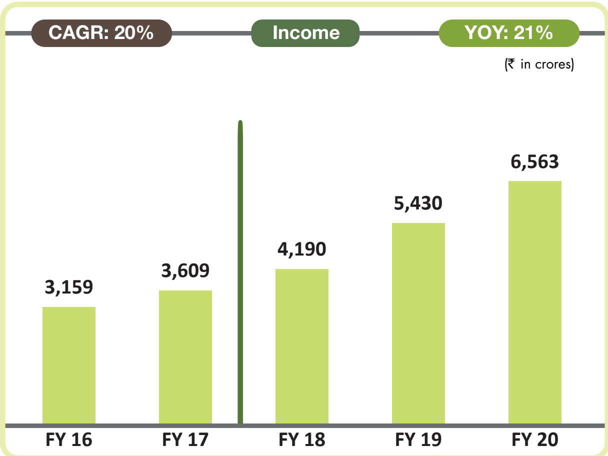
AIMA – 4th National Competition for Managers (NCM) held on 26th February, 2020 at New Delhi.

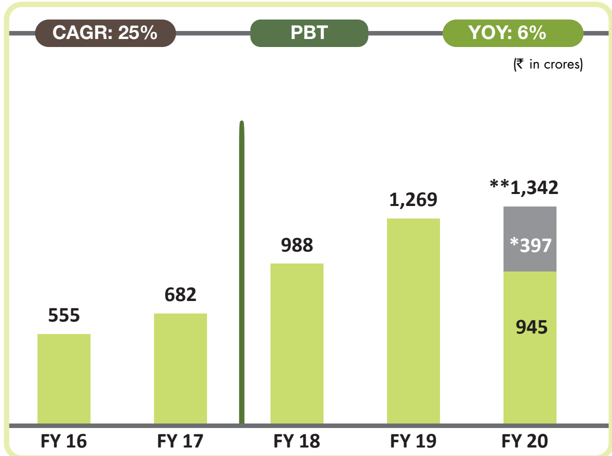
Team Chola were adjudged as the Champions in the Private Category amongst 30 other Top Private Companies from across different sectors of the country.

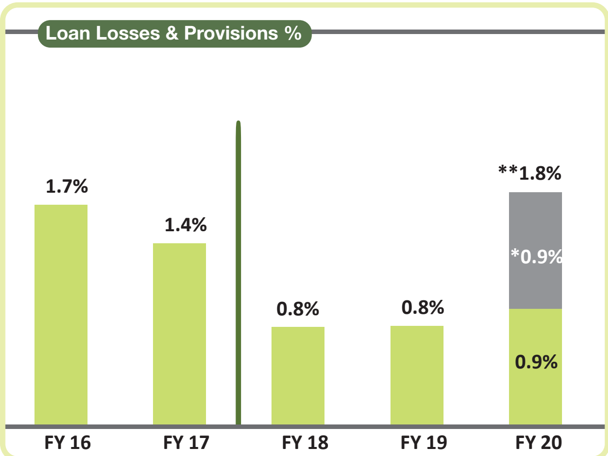
VEHICLE FINANCE - FINANCIAL SUMMARY

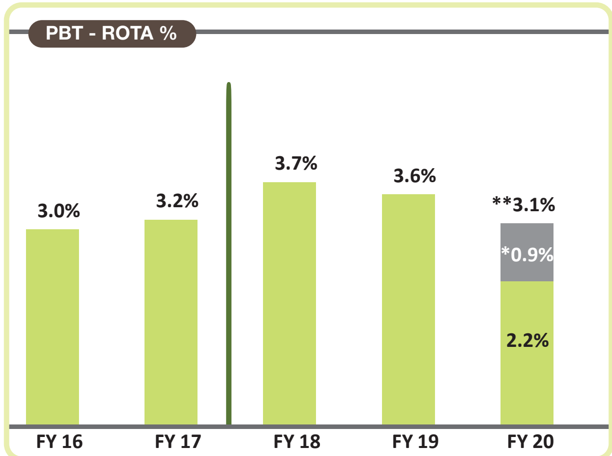












Note: a. * One time provision for COVID 19 + Macro provision
b. ** PAT, Overall loan losses and ROTA-PBT before COVID & Macro provision
c. Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable
d. Refer glossary section for terms and ratios
e. Income and PBT are reported at Business AUM level

BUSINESS REVIEW - HOME EQUITY

LOAN AGAINST PROPERTY

With over 13 years of experience in loan against property business, we take pride in helping our customers realise their business dreams. We treat every customer relationship as an on-going partnership and have grown stronger together in this journey. We have consciously focussed on reorienting our business model towards improved customer engagement. By embracing digital tools like online account management, digital on-boarding and verification, etc., we commit to provide hassle free experience to our customers and channel partners.

Products

- Business loans against property
- Balance transfer of existing property loans

Customer Segment

Our focus is on the middle socio economic class and self-employed non - professionals.

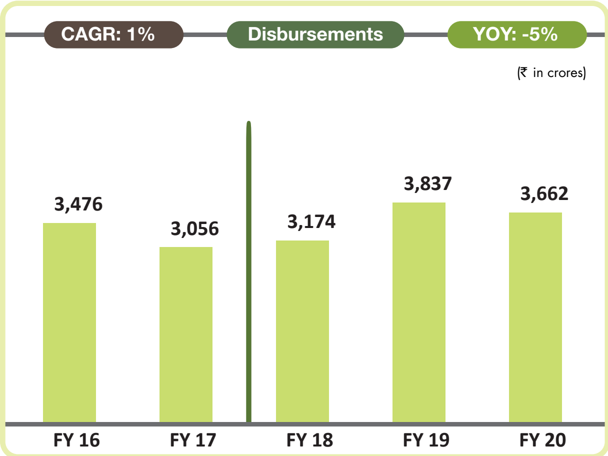
Asset Class

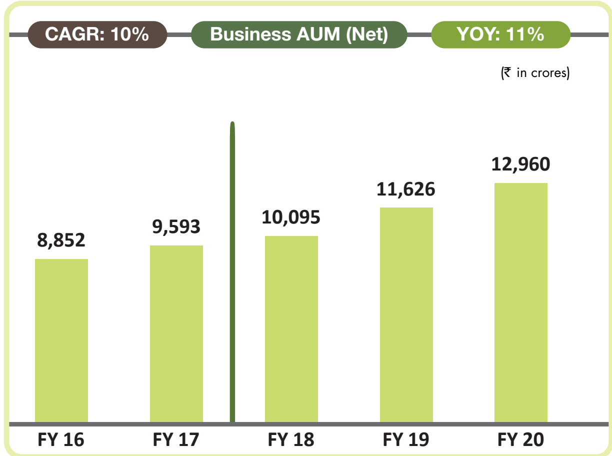
Self-occupied residential property

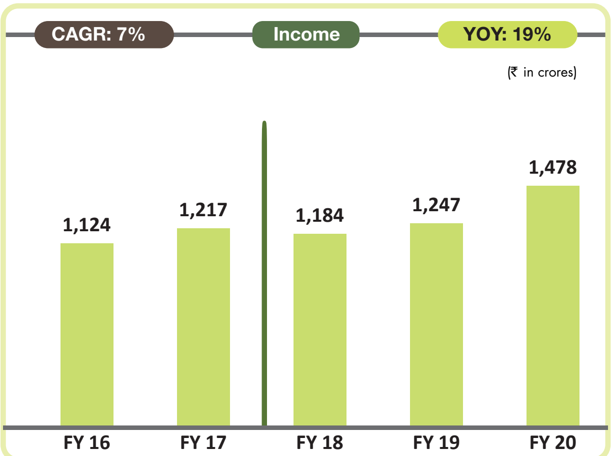
Key Differentiators

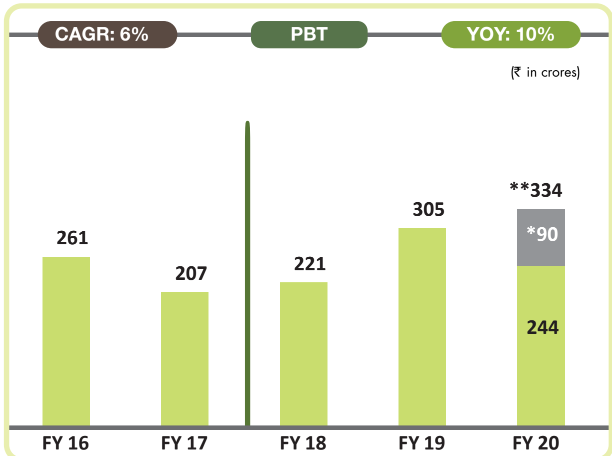
- Quick Turn Around Time
- Personalized door-step service to customers
- Easy accessibility (Pan India presence with 234 branches and growing)

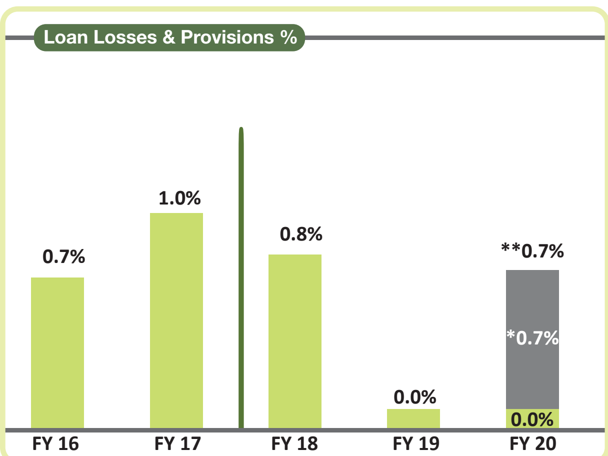
HOME EQUITY - FINANCIAL SUMMARY

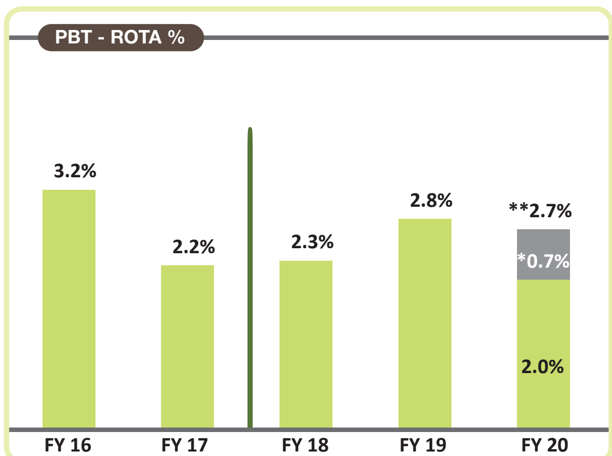












Note: a. * One time provision for COVID 19 + Macro provision
b. ** PAT, Overall loan losses and ROTA-PBT before COVID & Macro provision
c. Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable
d. Refer glossary section for terms and ratios
e. Income and PBT are reported at Business AUM level

BUSINESS REVIEW - HOME LOANS

The Home Loans business is committed to the national mission of 'Housing for All by 2022' and has been reaching out to underserved customers predominately in semi-urban and rural markets to enable them to achieve their dream of entering a better home. 99% of the portfolio comprises Home Loans and is focused to be end-use driven. Our target group remains the Middle Income Group (MIG) customer. Our average ticket size is ₹15 Lakhs with an average LTV of 60% which reflects the quality of houses and marketability. 95% of the portfolio comprises business owners with semi-formal income and significant business vintage buying their first home. 30% of our customers are first time borrowers.

Chola enjoys a significant presence in the Tier II, III, IV towns and cities. In FY 2020, Home Loans were offered across 9 states (Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Gujarat, Maharashtra, Rajasthan and Chhattisgarh). We have a 5000+ connector network that facilitates us by passing on leads and a 500+ Direct Sales Team (Feet on street) members to source and offer doorstep delivery to the customer.

"I run a dairy business. I had never taken a loan before. Chola helped me through the entire process and today I am the proud owner of this lovely independent house!"

-Ms. Selvi, Tiruvannamali, Tamil Nadu

"I am a labour contractor. Chola customized an EMI that was comfortable for me and today my family and I have moved into our first home. It's a dream come true!"

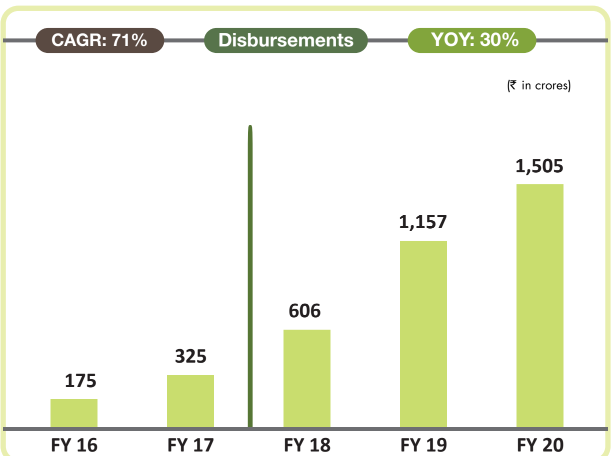
-Mr. Naushad, Rajkot, Gujarat

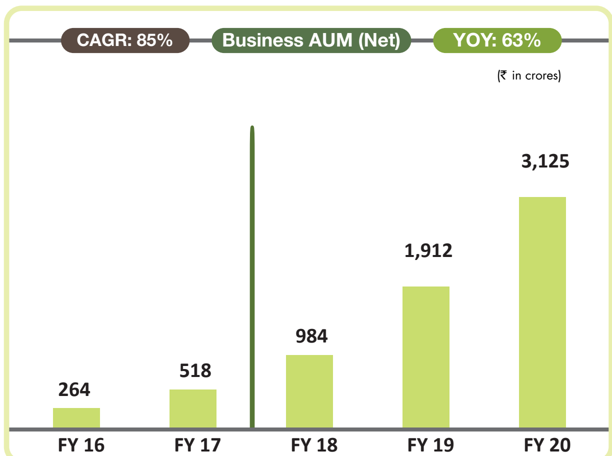
Products

- Home Loans for Self construction
- Loans for purchase of ready to occupy homes
- Balance transfer of existing home loans
- Top-Up loans for existing customers

Key Differentiators

- In principle sanction at customer place
- Transparent end-to-end digital on-boarding
- Minimal documentation
- PMAY subsidy upto ₹2.67 lakhs
- Customized eligibility for salaried and business owners





Note: a. Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable
b. Refer glossary section for terms and ratios

OUR SUBSIDIARIES

CHOLAMANDALAM HOME FINANCE LIMITED (CHFL)

Cholamandalam Home Finance Limited (CHFL) is a IRDAI registered composite corporate agent distributing insurance products. The Company had made an application to National Housing Bank for registration as a Housing Finance Company (HFC) and currently engaging with the RBI, the new regulator for HFCs to obtain license to operate as HFC.

CHOLAMANDALAM SECURITIES LIMITED (CSEC)

Cholamandalam Securities Limited is a wealth management company offering investment solutions to individual clients and stock broking services to High Networth Individuals and institutional investors, includingmany of the large mutual funds in India. Chola Securities is a member of BSE Limited and National Stock Exchange of India Limited.

Products Offered

Stock Broking Services | Depository Participant Services

Products Distributed

- Mutual Funds
- Life Insurance
- General Insurance
- Bonds & Debentures
- Fixed Deposits
- PMS
- IPO
- ETF
- SIP

Awards

NSDL Star Performer Award for 2019
Chola Securities received this award three years in a row in 2017, 2018 & 2019.

Finance & Treasury – Strength through partnering

The finance and treasury function plays a pivotal role as it handles the critical activity of bringing funds necessary for disbursement and hence growth of the business. During FY 20, this activity assumed greater relevance as there was large liquidity constraints in the domestic market. Organising funds at the optimum cost levels while balancing asset liability management has been a tight rope walk. Apart from this the function also adds value by steering business partnerships, strengthening investor relationships and becoming a catalyst to drive cost efficiencies within the organisation. Finance function is also responsible for monitoring control effectiveness and data dissemination to regulators, rating agencies, bankers and other stake holders.

Key Highlights

- Largest equity raise through QIP and Preferential Allotment
- ECB loans of USD 270 Million with IFC and other leading Multi-national banks.
- First INR denominated Tier II Masala Bonds of ₹400 crores
- Highest ever quantum of Securitisation and Direct assignment of assets
- Business partnering & tie-ups for co-lending with banks
- Augmenting long term funds
- Asset Liability management and reduction in cost of funds
- Partnering with key IT related projects for business alignment.

The finance and treasury function is highly digitalized and hence the move to work from home due to COVID-19 related lockdown was implemented with least disturbance to the teams and without any compromise on the controls and monitoring process. All systems could be remotely accessed, and all activities could be executed seamlessly.

The finance team constantly partners with the business teams in:

a. Evaluating business models with OEMs

b. Co-origination tie-ups with banks

c. Innovation in Cash management processes

d. Productivity drive to improve cost efficiencies

e. Loss mitigation by identifying focus segments for collection drive of overdue accounts

f. Strategic plans for long term growth as well as tactical moves to address immediate concern areas.

Awards

Chola was awarded Best CFO and Best Investor Relations Professional Awards (All Asia) under BFSI category last year awarded by Institutional Investor Group

Analytics - Building a strong data driven organisation

Analytics function enables Chola realise the value of the rich data that the company has built from its long market experience in its businesses and geographies. With this data and experience, the analytics function works with the following key objectives:

1. Improve the efficiency and quality of customer acquisition

a. Working closely with the business to implement underwriting scorecards

b. Product reviews on profitability of customer/product and geography

c. Pricing of risk and reward

d. Process analytics to improve efficiencies in leads and sales pipelines

2. Enhancing the portfolio quality by

a. Credit risk analytics for identifying potential leakages

b. Collections analytics to help reduce delinquent portfolio

c. Cross-sell targeting for increasing customer value

d. Supporting the development of our Gaadi Bazaar portal with suitable analytics interventions on offers and repo decisions

3. 360 degree view and single source of data for key metrics by building the Digital Data Centre

a. Building a data lake to capture and store all source system and non-system data

b. Develop data warehouses to manage the business specific requirements

c. Designing dashboards that show key trends and insights

d. Near real-time monitoring of key metrics

e. Enabling alerts and triggers on key metrics to enhance monitoring and reviewing

Information Technology - Strengthening digital capabilities

Digital technology plays a key role not only as an efficiency enabler for on-going business operations but also empowers the business to transition towards being a nimble, customer-centric, and data-centric enterprise. Technology will be the common fabric spanning businesses and support functions – whether it be delivering efficiency through initiatives like robotic-process automation, customer engagement through solutions like CRM application and across channels including web, voice, chatbots etc. and being data-driven by setting a common centralized data repository to support the risk, analytics, and business decision makers.

Technology-led seamless process delivery will be critical in improving customer experience – through a combination of paperless interactions; increased digitization through API based automation, agility through cloud & cloud-like infrastructure & solutions, and improving service delivery & turnaround time through integrations that minimize human intervention. Similarly, democratisation of data along with improved data quality will help in better analysis and delivery / development of value added products & services. Ultimately the impact of innovation through digital technology is to be seen through the lens of being able to deliver collective value to all customers, stakeholders and employees.

Enterprise Risk Management - As a value center

The Enterprise Risk Management (ERM) function works with the businesses and the functions to improve risk return trade off by

- Supporting business initiatives that drive profitability
- Identify risk areas for mitigation and suggest measures toimplement the same
- Involvement in new product design
- Working closely with business to improve operational efficiencies
- All these are done in coordination with respective cross functional project teams. In this manner this team acts as a value centre.

An enterprise risk governance and compliance system – CURA - has been put in place to improve risk identification, assessment and mitigation process across the company. This system is being used jointly by the ERM team along with the Internal Audit team.

The company has put in place a cyber security framework to protect the IT assets. The ERM team works with the IT to support the ISMS committee that supports the development of this framework.

To closely monitor the liquidity risk of the company, ERM function participates in the weekly reviews of the Asset Liability Committee Support Group as well as the monthly ALCO.

The company has a well-established Business Continuity Plan (BCP). The ERM function regularly conducts surprise drills to ensure preparedness in case of disasters. This enabled the company to be prepared for continuing its critical functions during the current pandemic situation.

Compliance – Stronger when collaborated together

The turmoil in the financial services industry in the recent times caused by many failures and lapses of financial institutions has further tightened the regulations and increased the compliance requirements manifold in the financial services industry. At Chola, stronger collaboration and integration amongst all functions, together with guidance from Company's Board and senior management make a strong culture of compliance across the organisation. The company has zero tolerance towards any non-adherence to regulations, policies and procedures. The clarity from top makes it easier to achieve the compliance goals amid the challenges.

Chola has in place a well-defined compliance process, integrated with robust monitoring and reporting mechanism across the business verticals. During the year, the compliance team played a vital role in highest ever infusion of capital in the company by a twin issue through a Qualified Institutional Placement for ₹900 crores and a preferential allotment for ₹ 300 crores. The team also implemented several new compliance initiatives during the year including paperless board meetings, piloted compliance management automation tool as well as completed the process of split of equity shares of the Company from a face value of ₹ 10 to ₹ 2 per share. Sudden proliferation in compliance activities during the fag-end of the year due to COVID-19 pandemic and its effective management will continue to be the focus area in the year to come.

During the year over 18,500 field and other staff spread over 1,000 branches were trained in a systematic manner on various regulatory updates relevant for the business, know your customer regulations, fair practices code, prevention of insider trading, prevention of sexual harassment and code of conduct for collections. The trainings are conducted in the form of class room sessions, e-modes and periodical e-mailers.

Operations - Combining strength of people and technology to deliver experience

Financial services sector is undergoing an overarching shift towards an increasingly modular system. Modules of the new financial services value chain would include customised financial products, effective customer service platforms and robust data and infrastructure platforms for performing back-end operations. The combined strength of the digital and the physical have always been a strong winning combination in the area of customer experience. The operations team strives to keep up with the evolving customer needs by providing consistent and efficient service.

Key Highlights of 2019-2020

- Enhanced Productivity

  - 150 Kaizen projects to improve productivity in processing

- Automation & Digitization Drive

  - Computation of pay-out to dealers, brokers etc.
  - Customer files tracking systems
  - Decentralization of NOCs to branches
  - Developments in Loan Management System (LMS)

- Delivering Customer Delight

  - Holistic engagement with the customers
  - Significant drop in customer complaints

- Business Continuity during crisis

  During COVID-19, Operations Team successfully worked with the Risk Team in implementing the BCP and ensured smooth functioning.

Awards

Awards: Chola won the third place at the CII SR Kaizen Competition – 14th Edition, Chennai and Silver Award in the 2nd National CII Kaizen Competition held at Delhi.

Human Resources – Building a strong competitive advantage

In order to enable our businesses to achieve a higher market share / penetration, the key focus areas of Human Resources function for FY 20 were:

Resourcing & Talent Planning

FY 20 recorded a 13% growth in overall headcount of Chola. New initiatives aligned with business strategy rolled out during the year include: Digital platform hiring | Talent pool creation | Talent capabilities – Insights | Setting up verticals for Housing Finance | Robust mechanism to enhance productivity

Retaining Critical Talent - Project Udaan

Project Udaan is a career development initiative enabling

- Retention of high performers
- Creating talent pipelines
- Aligning career aspirations

Building Capabilities

Continued focus on developing training content and execution based on business challenges while exploring newer platforms like gamification & experiential training interventions. ISO & lead auditor programs were conducted for Human Resources & Operations team.

Learning Ratios for FY 20:

Total learning programs – 295 | Total Man-days- 17,810 | Total Man-hours – 1,42,472

CHOLA CONNECT – A digitization Journey

A complete HRMS suite CHOLA Connect (web & mobile versions) was launched in partnership with People Strong.

Live, Learn & Lead!

Alt Worklife | Alt Messenger | Alt Learning – A complete HR app that helps employees complete daily tasks, communicate, seek help & learn in a engaging fun way at their convenience.

Employee Engagement

Opinion Polls | Town Hall | Reward & Recognition Programs

Employee Health & Safety

Employee Health & Safety continues to be prime focus at Chola.

Awareness campaigns | Building a culture of Health & Safety | Continuous employee wellness programs

Key Focus Areas

- Resourcing & talent planning strategies
- Retaining critical talent
- Building capabilities across the organization
- Enhancing digital workforce experience
- Focus on employee health & safety

Awards

Awarded as winner in the Employee Relations & Employee Engagement category (Large Service Industry) at the CII National HR Circle Competition

Chola won the second place for Digitization in L&D- HR at the CII National HR Circle Competition 2019

Internal Control Systems - Promoting stability

An internal control framework, including internal financial controls, encompassing clear delegation of authority and standard operating procedures, are available across all business and functions. The Internal Audit function has been playing an integral role in helping Chola to strengthen and maintain solid cultures of compliance.

Key Focus Areas

- Rigorous audit calendar spanning multiple business processes
- Independent review of the design and operating effectiveness of internal financial controls
- Internal audit managers are placed across the country to review the effectiveness of the internal controls across branches
- Monitoring of internal financial control systems by in-house audit team and by the external auditors
- Risk and control matrices reviewed by internal auditors on a quarterly basis

CORPORATE SOCIAL RESPONSIBILITY

Growing Stronger Together Through Environmental Sustainability

Chola believes that sustainable development promotes economic growth, greater social well-being, and protection of the environment. Chola's CSR projects are designed to be sustainable in nature and are implemented across operating geographies including rural areas. Chola's CSR efforts are directed towards offering the best path forward for helping people and communities to "Enter a Better Life".

Focus On Overall Health And Wellbeing Of The Trucking Community

Chola's CSR initiatives have been focused on improving the overall health of the Trucking community through regular health and eye camps at 'Transport Nagars' (Trucker Hubs) mostly along the golden quadrilateral across India. While the general direction is towards the under-privileged communities, specific reach is towards the trucking communities.

Eye & Health Camps for Trucking Community
Reach: **10 STATES |** Beneficiaries: **78,188 truckers**

RAAHI Vision Centres
Reach: **Setup 12 Vision Centres**

Free Heart Surgery for Children from the Trucking Community
7 free heart surgeries completed for children from trucking communities suffering from Congenital Heart Disease.

Scholarship Programme
Chola supports children from the trucking community that require educational scholarships so that they can continue their education.

Sustainable and community driven water and sanitation projects

Through Chola CSR initiatives, safe drinking water is provided to communities living in areas which have little or no access to safe drinking water or the available water is contaminated with high levels of fluoride, than the permissible limit in underground water.

Area of Implementation

- Balangir, Odisha (Water & Sanitation Facilities In Villages & Schools)
- Nanded, Maharashtra (RO Water Purification Systems)
- Poondi, Tamilnadu (Community Waste Management)
- Karunilam Village, Tamilnadu (Safe & Sustainable Smart Toilets)

Key Achievements

- Increase availability of household toilets
- Improved access to safe and clean drinking water
- Better awareness on hygiene and sanitation
- Developed sustainable practices involving community participation
- Given empowerment to women by providing access to water and toilet facilities helping them maintain hygiene

Expanding access to quality education for the underprivileged

Chola has been supporting Education Trusts such as the AID India foundation, Nalandaway and Isha Vidya over the past 5 years for providing quality education to economically backward sections of the society.

CSR AWARDS

SICCI Rotary - CSR Awards 2020
Award received for Chola's CSR contribution towards Creating Sustainable Environment

WORLD CSR DAY CONGRESS & AWARDS
Chola awarded "Best Social Media Awareness Campaign on Road Safety for #JaldiKyaHai by ET NOW

Corporate Social Responsibility









FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

FINANCIAL YEAR ENDED	2020	2019	2018	2017	2016
Operating Results					
Total Income	8,65,289	6,99,264	5,47,966	4,66,035	4,19,371
Profit Before Tax (PBT) (for FY 20 before considering one time provisions for COVID impact of ₹ 504.36 Cr.)	2,09,009	1,82,315	1,40,137	1,10,558	87,077
Profit After Tax (PAT) (for FY 20 before considering one time provisions for COVID impact of ₹ 334.72 Cr (post tax impact)	1,38,709	1,18,615	91,830	71,874	56,845
Assets					
Loans(net) - Ind AS / Receivables under financing activity - IGAAP	55,40,273	52,62,227	42,25,323	28,41,448	25,91,013
Cash, Bank and Cash Equivalents	6,95,910	3,67,485	88,795	47,064	49,047
Others	1,63,121	1,12,918	94,855	1,70,969	1,48,771
Total Assets	**63,99,304**	**57,42,630**	**44,08,973**	**30,59,480**	**27,88,831**
Liabilities and Equity					
Borrowings	55,00,543	50,56,674	38,33,033	24,10,910	22,57,622
Others	81,577	68,382	66,126	2,20,078	1,65,468
Equity (in FY 20 Equity Infusion of ₹1,200 Cr QIP and Preferential allotment)	8,17,184	6,17,574	5,09,814	4,28,492	3,65,741
Total Liabilities	**63,99,304**	**57,42,630**	**44,08,973**	**30,59,480**	**27,88,831**
Key Indicators*					
Earnings per Equity Share - Basic (₹)	13.39	15.2	11.8	9.2	7.5
Earnings per Equity Share - Diluted (₹)	13.37	15.2	11.7	9.2	7.5
Dividend per Equity Share (%)	85%	65%	65%	55%	45%
Book Value per Equity Share (₹)	99.71	78.99	65.22	54.84	47.32

***Equity shares have been sub-divided into face value of ₹ 2 per share, consequently previous year figures have been adjusted.**

- Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

FINANCIAL YEAR ENDED	2015	2014	2013	2012	2011
Operating Results					
Total Income	3,69,119	3,26,284	2,55,568	1,78,821	1,20,183
Profit Before Tax (PBT) (for FY 20 before considering one time provisions for COVID impact of ₹ 504.36 Cr.)	65,722	55,021	45,080	29,011	10,011
Profit After Tax (PAT) (for FY 20 before considering one time provisions for COVID impact of ₹ 334.72 Cr (post tax impact)	43,516	36,401	30,655	17,254	6,218
Assets					
Loans(net) - Ind AS / Receivables under financing activity - IGAAP	22,18,354	19,42,813	16,62,594	12,32,990	8,60,026
Cash, Bank and Cash Equivalents	34,066	80,084	38,897	25,840	16,878
Others	1,34,903	1,31,783	1,16,989	84,196	90,922
Total Assets	**23,87,323**	**21,54,680**	**18,18,480**	**13,43,026**	**9,67,826**
Liabilities and Equity					
Borrowings	19,47,524	18,09,319	15,28,901	11,44,411	7,94,891
Others	1,22,466	1,15,890	93,102	56,887	65,733
Equity (in FY 20 Equity Infusion of ₹1,200 Cr QIP and Preferential allotment)	3,17,333	2,29,471	1,96,477	1,41,728	1,07,202
Total Liabilities	**23,87,323**	**21,54,680**	**18,18,480**	**13,43,026**	**9,67,826**
Key Indicators*					
Earnings per Equity Share - Basic (₹)	6.0	5.1	4.6	2.9	1.1
Earnings per Equity Share - Diluted (₹)	6.0	5.1	4.6	2.9	1.1
Dividend per Equity Share (%)	35%	35%	35%	25%	15%
Book Value per Equity Share (₹)	40.70	32.05	27.46	21.38	17.97

***Equity shares have been sub-divided into face value of ₹ 2 per share, consequently previous year figures have been adjusted.**

- Numbers are as per Ind AS from FY18 onwards and rest of the years are as per IGAAP, hence not comparable.

Board's Report

BOARD'S REPORT

Your directors have pleasure in presenting the forty second annual report together with the audited accounts of the company for the year ended 31 March, 2020.

FINANCIAL RESULTS

₹ in crores

Particulars	2019-20	2018-19
Gross Income	8,652.89	6,992.64
Profit Before Tax (PBT)	1,585.73	1,823.15
Profit After Tax (PAT)	1,052.37	1,186.15
One-time Provision for COVID and Macro	504.36	-
Profit Before Tax before one-time provisions	2,090.09	1,823.15
Profit after Tax before one-time provisions	1,387.09	1,186.15
Total Comprehensive income	988.92	1,190.24
Appropriation:		
Transfer to statutory and other reserves	720.00	840.00
Dividend – Equity	166.17	101.63
Tax on dividend	34.15	20.89

SHARE CAPITAL

During the year, pursuant to the approval of shareholders by way of postal ballots on 13 January, 2020 and 24 February, 2020, the company had allotted 2,81,25,000 equity shares to 36 Qualified Institutions Buyers at ₹ 320 per equity share on 31 January, 2020 and 93,45,794 equity shares to Cholamandalam Financial Holdings Limited, a promoter entity by way of a preferential allotment at ₹ 321 per equity share on 7 March, 2020.

Further, there was an increase in paid up capital during the year by ₹ 7.56 crores, consequent to allotment of shares upon exercise of stock options by employees under the company's employee stock option schemes.

The total paid up equity share capital of the company as at 31 March, 2020 is ₹ 163.98 crores.

Upon approval by the shareholders and completion of other regulatory procedures for the sub-division of equity shares, the equity share of face value of ₹ 10 (Rupees Ten) fully paid up has been sub-divided into 5 equity shares of face value of ₹ 2 (Rupees Two) fully paid-up with effect from 18 June, 2019.

OPERATIONS

The financial year 2019-20 showed a slowdown in growth over previous year. It was also negative for the automotive industry with degrowth in commercial, passenger vehicles and two wheelers segment. Despite the slowdown, your company was able to grow year on year, in terms of volume with growth in passenger vehicles and two-wheeler segments. Your company has also increased its market share across all product segments except in heavy commercial vehicles. At the end of the year, we had the COVID-19 pandemic hit the global economy, bringing it to a standstill. Due to the wide-spread COVID-19 pandemic, government had announced a lock-down of all businesses and all activities effective 25 March, 2020 which impacted disbursements of Q4 of FY 20.

Pursuant to the moratorium announced by the Reserve Bank of India (RBI) on EMI repayments (initially till May 2020 and further extended to August 2020), the company has framed a Board approved policy, and accordingly offered moratorium to its customers.

As a matter of abundant caution, your company has factored in possibility of delay in customer payments post moratorium, in case the economic slowdown is long drawn. Accordingly, the company has created a one-time contingency provision of ₹ 284 crores towards probable losses against loans which were extended the moratorium. Over and above this, the company has also created a macro provision of ₹ 250 crores to meet contingencies, if any that may arise post moratorium due to the global recession and economic slow-down. In total the company has set aside an additional provision of ₹ 534 crores (including ₹ 30 crores of macro provision created in FY 19) to meet any contingencies that may arise in future due to the COVID-19 business disruptions.

The company has not availed moratorium so far on its borrowings, and it does not plan to avail moratorium even during the second phase of the moratorium (June to August, 2020). The company had closed March, 2020 with a cash balance of ₹ 6,508 crores and also had sanctioned lines of ₹ 4,462 crores. This adequately covers the needs of the ALM process with no negative cumulative mismatches across all time buckets. Even after extending the moratorium to its customers, for the second phase, the cash position of the company is adequate to meet all its maturities and fixed obligations till September, 2020.

Inspite of the slowdown in the automotive sector, the lockdown of the entire nation in March, 2020, the high level of provisions made towards the COVID-19 pandemic and the provision towards macro factors, the company achieved a growth of 16% in assets under management (AUM). The profit after tax (PAT) before considering the impact of the one time provision for COVID-19 and the macro factors (one time provision) grew by 17%. The PAT registered a degrowth of 11% as compared to FY 19 after considering the one time provision.

Vehicle Finance (VF) business witnessed a disbursement decline of 6%. Disbursements in VF for the year were at ₹ 23,387.43 crores as against ₹ 24,983.24 crores in the previous year. The business recorded a growth of 9% in closing managed assets and profit before tax (PBT) declined by 26% after considering additional provision of ₹ 398 crores towards its share of one time provision. PBT before one time provision grew by 6% year on year.

Home equity (HE) business also witnessed a disbursement decline of 5%. Disbursements in HE for the year were at ₹ 3,661.89 crores as against ₹ 3,836.55 crores in the previous year. The business recorded a growth of 11% in closing managed assets and a PBT decline of 20% after considering its share of one time provision of ₹ 90.56 crores. PBT before one time provisioning grew by 10% year on year.

Disbursements in home loans (HL) business were at ₹ 1,504.74 crores as against ₹ 1,156.88 crores in the previous year and Micro, Small and Medium Enterprise (MSME) business were at ₹ 537.11 crores as against ₹ 473.84 crores in the previous year.

The business AUM of the company as at 31 March, 2020 increased to ₹ 60,549 crores from ₹ 54,279 crores in the previous year, recording a growth of 12%.

OUTLOOK

Outlook for the coming financial year continues to remain uncertain, with the COVID-19 situation evolving each day. Apart from agriculture and related activities, most other sectors of the economy have been adversely impacted by the pandemic and are expected to show de-growth.

VF business will continue to be the mainstay for the company. HE portfolio has also been a significant contributor to the company's growth and profitability. HL is the rising star and has a great potential to be built into a solid portfolio considering the expertise of the company in handling typical customer profiles. The company's robust collection mechanism aided with a strong credit risk assessment framework will help us steer through the strong currents of the COVID-19 pandemic in FY 20-21.

DIVIDEND

Dividend distribution policy

The company has formulated a dividend distribution policy in compliance with regulation 43A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (Listing Regulations), copy of which is available on the website of the company. (weblink: *https://www.cholamandalam.com/company-policies.aspx).*

Payment of dividend

The board of directors, at their meetings held on 12 December, 2019 and 26 February, 2020 had declared interim dividends of ₹ 1 per equity share and ₹ 0.70 per equity share of the face value of ₹ 2 each respectively (aggregating 85% on ₹2/- face value), for FY 20 (previous year declared 65% - ₹ 1.30 per share - at face value of ₹ 2 per share). The board of directors have recommended the same to be declared as final dividend for FY 20.

TRANSFER TO RESERVES

The company transferred a sum of ₹ 220 crores to statutory reserve as required under the Reserve Bank of India Act, 1934 and ₹ 500 crores to general reserves.

FIXED DEPOSITS

The company is an NBFC - Investment and Credit Company (NBFC-ICC). The company does not hold or accept deposits as of the date of balance sheet.

CAPITAL ADEQUACY

The company's capital adequacy ratio was at 20.7% as on 31 March, 2020 as against the statutory minimum capital adequacy of 15% prescribed by RBI.

EMPLOYEE STOCK OPTION (ESOP) SCHEMES

ESOP 2016

Pursuant to the approval accorded by the shareholders on 3 January, 2017, the nomination and remuneration committee had formulated an employee stock option scheme 2016 (ESOP 2016).

During the year, the company made three grants aggregating to 3,60,232 options to 8 employees. The total number of options issued as on 31 March, 2020 under ESOP 2016 is 40,82,637.

ESOP 2007

Pursuant to the approval accorded by the shareholders at the twenty ninth annual general meeting (AGM) of the company held on 30 July, 2007, the nomination and remuneration committee had formulated an employee stock option scheme 2007 (ESOP 2007). During the year, there have been no fresh grants under the scheme and there have been no changes in the scheme. Number of options outstanding as on 31 March, 2020 under the ESOP 2007 is 78,120.

The schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI (SBEB) Regulations) and the Companies Act, 2013 (the Act).

The certificate from the statutory auditors confirming that ESOP 2007 and ESOP 2016 have been implemented in accordance with the SEBI (SBEB) Regulations and shareholders resolutions has been obtained and will be available for the shareholders at the ensuing AGM.

The details of the schemes as on 31 March, 2020 are provided and disclosed on the website of the company (weblink: *https://www.cholamandalam/esop.aspx)*.

DIRECTORS

Appointments

During the year, the board at its meeting held on 30 July, 2019 had appointed Ms. Bhama Krishnamurthy as an additional director in the capacity of an independent director with effect from 31 July, 2019 and she shall hold office up to the date of ensuing AGM as an additional director. The appointment of Ms. Bhama as an independent director for a term of 5 years from the date of appointment has been recommended for the approval of shareholders at the ensuing AGM.

Further, the board at its meeting held on 5 November, 2019 had appointed Mr. Arun Alagappan as the managing director of the company for a period of five years effective 15 November, 2019. Mr. Ravindra Kumar Kundu was appointed as the executive director of the company for a period of five years effective 23 January, 2020. Both the appointments have been recommended for approval of the shareholders at the ensuing AGM of the company.

Mr. M.M. Murugappan, chairman and non-executive director retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

Retirement

Ms. Bharati Rao retired at the conclusion of the 41st AGM held on 30 July, 2019. The board places on record its deep appreciation for the immense contribution made by Ms. Bharati Rao during her tenure on the board and as a member of the various committees.

DECLARATION FROM INDEPENDENT DIRECTORS

All the independent directors (IDs) have submitted their declaration of independence, as required pursuant to section 149(7) of the Act, confirming that they meet the criteria of independence as provided in section 149(6) of the Act. In the opinion of the board, the IDs fulfill the conditions specified in the Act and the rules made there under for appointment as IDs including the integrity, expertise and experience and confirm that they are independent of the management. All the IDs of the company have registered their names with the data bank of IDs and are in the process of completion of online proficiency self-assessment test as per the timeline notified by the Ministry of Corporate Affairs (MCA).

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Act read with the rules made there under, the following employees are the whole time key managerial personnel of the company during FY 20:

1. Mr. Arun Alagappan, Managing Director
2. Mr. Ravindra Kumar Kundu, Executive Director (from 23 January, 2020)
3. Mr. D. Arul Selvan, Chief Financial Officer and
4. Ms. P. Sujatha, Company Secretary

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under section 134(5) of the Act, reporting the compliance with accounting standards, is attached and forms part of the board's report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the regulators or courts or tribunals which would impact the going concern status of the company and its future operations.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis report (MDA), highlighting the business-wise details is attached and forms part of this report. MDA also contains the details of the risk management framework of the company including the development and implementation of risk management policy and the key risks faced by the company.

CORPORATE GOVERNANCE REPORT

A report on corporate governance as per the Listing Regulations is attached and forms part of this report. The report also contains the details as required to be provided on the composition and category of directors, number of meetings of the board, composition of the various committees, annual board evaluation, remuneration policy, criteria for board nomination and senior management appointment, whistle blower policy/vigil mechanism, disclosure of relationships between directors inter-se, state of company's affairs, etc.

The managing director and the chief financial officer have submitted a compliance certificate to the board regarding the financial statements and other matters as required under regulation 17(8) of the Listing Regulations.

BUSINESS RESPONSIBILITY REPORT

A business responsibility report is attached and forms part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statement is prepared in accordance with the Act and the relevant accounting standards and forms part of this annual report.

AUDITORS

M/s. S. R. Batliboi & Associates LLP, chartered accountants are the statutory auditors of the company. They were appointed as statutory auditors of the company at the 39th AGM held on 27 July, 2017 for a period of five years commencing from the conclusion of 39th AGM till the conclusion of 44th AGM.

SECRETARIAL AUDIT

Pursuant to the provisions of the Act and the rules framed there under, M/s. R. Sridharan & Associates, company secretaries had undertaken a secretarial audit of the company for FY 20. The secretarial audit report is attached and forms part of this report and does not contain any qualification.

COST RECORD AND COST AUDIT

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by the company.

EXTRACT OF ANNUAL RETURN

In accordance with section 134(3)(a) of the Act, the extract of the annual return in form MGT-9 is attached and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

The Murugappa group is known for its tradition of philanthropy and community service. The group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas. The company upholds the group's tradition by earmarking a part of its income for carrying out its social responsibilities.

The company has been carrying out corporate social responsibility (CSR) activities for many years now even before it was mandated under the Act. The company has put in place a CSR policy and is available on the website of the company (weblink: *www.cholamandalam.com/csr-policy.aspx*).

As per the provisions of the Act, the company is required to spend at least 2% of the average net profits of the company made during the three immediately preceding financial years. This amount aggregated to ₹ 28.87 crores and the company spent ₹ 28.88 crores towards CSR activities during FY 20, the details of which are annexed to and forms part of this report.

In April, 2020 the company, contributed a sum of ₹ 1 crore to The Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund and ₹ 3 crores to Government of Tamil Nadu - Chief Minister's Public Relief Fund for COVID-19 relief activities.

INTERNAL FINANCIAL CONTROLS

Internal control framework including clear delegation of authority and standard operating procedures are established and laid out across all businesses and functions. These are reviewed periodically at all levels. The company has a co-sourced model of internal audit. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company.

RELATED PARTY TRANSACTIONS

The company has in place a policy on related party transactions as approved by the board and the same is available on the website of the company (weblink: *https://www.cholamandalam.com/company-policies.aspx*).

All transactions with related parties that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis. There are no materially significant transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large. There are no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(h) of the Act in form AOC-2. All transactions with related parties were placed before the audit committee for prior approval at the beginning of the financial year. The transactions entered into pursuant to the approval so granted were placed before the audit committee for its review on a quarterly basis. None of the directors has any pecuniary relationship or transaction vis-à-vis the company.

INFORMATION AS PER SECTION 134(3)(m) OF THE ACT

The company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to ₹ 129.40 crores was incurred during the year under review. Foreign currency remittances made during the year was ₹ 11.02 crores towards purchase of fixed assets. The company does not have any foreign exchange earnings.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Being an NBFC, the disclosures regarding particulars of loans given, guarantees given and security provided is exempted under the provisions of section 186(11) of the Act.

As regards investments made by the company, the details of the same are provided under note 10 in standalone financial statements and notes 12 and 45 in consolidated financial statements of the company for the year ended 31 March, 2020.

DISCLOSURE OF REMUNERATION

The disclosure with respect to remuneration as required under section 197 of the Act read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this report.

PARTICULARS OF EMPLOYEES

In accordance with section 136 of the Act, the report and accounts are being sent to the members and others entitled thereto. The statement prescribed under rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection. If any member is interested in obtaining a copy, such member may send an e-mail to the company secretary in this regard.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The company has complied with all the provisions of secretarial standards issued by the Institute of Company Secretaries of India in respect of meetings of the board of directors and general meetings held during the year.

INTERNAL COMPLAINTS COMMITTEE

The company has in place a policy for prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). The company has complied with the provisions relating to constitution of internal complaints committee (ICC) under the POSH Act. ICC has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year the company conducted workshops for employees creating awareness about POSH Act. During the calendar year ended 31 December, 2019, there were no referrals received by ICC.

HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES / ASSOCIATES

CHOLAMANDALAM SECURITIES LIMITED (CSEC)

During the year CSEC focused on creating three distinct business lines for enhancing revenues and productivity - broking, wealth and insurance distribution. The broking business grew 9%, wealth business dropped by 32% due to cap on upfront income and insurance distribution business was scaled up significantly. CSEC achieved a gross income of ₹ 23.58 crores for the year ended 31 March, 2020 and made a PBT of ₹ 3.28 crores as against a PBT of ₹ 3.31 crores in the previous year. The Mutual Fund AUM was at ₹ 846 crores. CSEC did not declare any dividend during the year.

CHOLAMANDALAM HOME FINANCE LIMITED (CHFL)

CHFL recorded a gross income of ₹ 38.61 crores for the year ended 31 March, 2020 and made a loss before tax of ₹ 0.77 crores as against a loss of ₹ 11 crores in the previous year. CHFL did not declare any dividend during the year. The company had made an application to National Housing Bank (NHB) for registration as a Housing Finance Company (HFC) in June 2018 and currently engaging with RBI the new regulator for HFCs to obtain license to operate as HFC. Currently, the company continues its focus on growing insurance corporate agency business.

ACKNOWLEDGEMENT

The directors wish to thank the company's customers, vehicle manufacturers, vehicle dealers, channel partners, banks, mutual funds, rating agencies and shareholders for their continued support. The directors also thank the employees of the company for their contribution to the company's operations during the year under review.

On behalf of the board

Place : Chennai **M.M. Murugappan**
Date : June 3, 2020 *Chairman*

Directors' Responsibility Statement

The board of directors have instituted / put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the internal, statutory and secretarial auditors.

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;

(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2020 and of the profit of the company for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended 31 March, 2020; and

(vi) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31 March, 2020.

On behalf of the board

Place : Chennai
Date : June 3, 2020

M.M. Murugappan
Chairman

Annexure-I

Secretarial Audit Report

for the financial year ended 31 March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24 A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]

To
The Members,
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
CIN: L65993TN1978PLC007576,
Dare House, No. 2 N S C Bose Road, Parrys, Chennai – 600001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHOLAMANDALAM INVESTMENT AND FINANCE LIMITED [Corporate Identification Number: L65993TN1978PLC007576]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) The Company has complied with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of External Commercial Borrowings. There is no Foreign Direct Investment and Overseas Direct Investment during the year under review.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Employee Stock Option Plan, 2016 approved under the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable to the company during the audit period); and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (not applicable to the company during the audit period);

(vi) Other laws specifically applicable to the Company are –

a) Reserve Bank of India Act, 1934, Rules, Regulations, guidelines, circulars, directions, notifications made thereunder.

b) Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

c) Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016

d) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

e) NBFC Auditors Report Reserve Bank Directions, 2008

f) Guidelines for Asset – Liability Management (ALM) system in NBFC's

g) NBFC Public Deposits RBI Directions 1998

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws as mentioned above.

With respect to the applicable financial laws such as direct and indirect tax laws, based on the information & explanations provided by the management and officers of the Company and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance.

We have also examined compliance with the applicable clauses / regulations of the following:

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

(ii) The Uniform Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We have not verified the correctness and appropriateness of financial records and books of accounts of the company.

We further report that

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Independent Director and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in the compliance with the provisions of the Act and listing regulations.

Adequate notice is given to all directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Act and Secretarial Standards on Board Meeting are complied with. During the year under review, directors have participated in the committees/board meetings through video conferencing, such meetings were properly convened and recorded in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 & 4 of Companies (Meetings of Board and its Powers) Rules, 2014.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meetings. Further, in the minutes of the General Meeting, the number of votes cast against the resolutions has been recorded.

We further report that based on the review of compliance mechanism established by the Company and on the basis of our review and audit of the records and books, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that the above mentioned Company being a Listed entity this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No.CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by Securities and Exchange Board of India.

We further report that as per the information and explanations provided by the Management, the Company does not have any Material Unlisted Subsidiary (ies) Incorporated in India as defined in Regulation 16(1)(c) and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under review.

We further report that during the audit period, the Company has

1. Obtained the approval of the Shareholders by way of Postal Ballot on 03.06.2019 as follows:
   - Approval under Section 61 (1)(d) of the Act for sub-division of existing each equity share of face value of ₹ 10/- fully paid into five equity shares of face value of ₹ 2/- each fully paid up.
   - Approval under Section 13 read with Section 61 of the Act for alteration of the existing capital clause V of the alteration of the objects of the Memorandum of Association of the company by substituting the same with a new Clause V.
   - Approval under Section 13 of the Act for alteration of the objects to pursued by the Company - under Clause III(A) 13 (j), III(B) 10 and III (B) 11 of the Memorandum of Association of the Company.
2. Obtained the approval of the Shareholders at the 41st Annual general meeting held on 30th July, 2019 as follows:
   - Under Section 180 (1) (a) and 180 (1)(c) of the Act to borrow moneys from time to time upto a limit of an outstanding aggregate value of ₹ 75,000 crores.
   - Under Section 42 and Section 71 of the Act 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 forty first annual general meeting until the conclusion of the forty second annual general meeting, up to an amount not exceeding ₹ 26,000 crores within the overall borrowing limits of the company.
3. Obtained the approval of the Shareholders by way of Postal Ballot on 13.01.2020 under Section 62 (1)(c) of the Act to offer, issue and allot equity shares of face value of ₹ 2/- each for an aggregate amount not exceeding ₹ 1,000 Crores (Rupees One Thousand Crores only), in one or more tranches, by way of qualified institutions placement to eligible qualified institutional buyers in accordance with Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
4. Obtained the approval of the Shareholders by way of Postal Ballot on 24.02.2020 under Section 62 (1)(c) of the Act to offer, issue and allot such number of equity shares of face value of ₹ 2/- each upto an aggregate amount of ₹ 300 Crores (Rupees Three Hundred Crores only), in one or more tranches, by way of private placement on a preferential basis to Cholamandalam Financial Holdings Limited, a promoter entity or any other promoter entity, in accordance with chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
5. Issued secured redeemable non-convertible debentures for ₹ 894.50 crores and unsecured redeemable non-convertible debentures for ₹ 450 crores.
6. Redeemed secured redeemable non-convertible debentures for ₹ 5,526.00 crores and unsecured redeemable non-convertible debentures for ₹ 295.00 crores.

For **R. Sridharan & Associates**
Company Secretaries

CS. R. Sridharan
CP No. 3239
FCS No. 4775
UIN : S2003TN063400
UDIN: F004775B000308045

Place : Chennai
Date : June 3, 2020

Annexure-II

Form No. MGT-9-Extract of Annual Return

As on the financial year ended 31 March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1) Corporate Identity Number (CIN)	L65993TN1978PLC007576
2) Registration Date	17 August, 1978
3) Name of the Company	Cholamandalam Investment and Finance Company Limited
4) Category / Sub-Category of the Company	Public Company / Limited by shares
5) Address of the Registered office and contact details	"Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai 600 001 Phone: 044 40907172 (bd.) 40907055 (d); Fax: 044 25346464 E-mail: sujathap@chola.murugappa.com investors@chola.murugappa.com
6) Listed Company (Yes / No)	Yes
7) Name, address and contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (Unit: Cholamandalam Investment and Finance Company Limited) Selenium Tower B, Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad - 500 032, Telangana Phone: 040 67161736 | Toll free: 1800-345-4001| Fax: 040 23420814 E-mail: einward.ris@kfintech.com | Website: www.karisma.kfintech.com Contact person: Mr. Rajkumar Kale - Senior Manager - Corporate Registry

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below

SN.	Name and description of main products / services	NIC code of the product / service*	% to total turnover of the company
1.	Financial services - Lending	Section K - Group 649 - Other Financial Service activities, except insurance and pension funding activities	96.27%

*As per National Industrial Classification, Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1.	Cholamandalam Securities Limited Dare House, No.2, N.S.C. Bose Road, Parrys, Chennai 600 001	U65993TN1994PLC028674	Subsidiary company	100.00%	Section 2(87)
2.	Cholamandalam Home Finance Limited Dare House, No.2, N.S.C. Bose Road, Parrys, Chennai 600 001	U67190TN2000PLC045617	Subsidiary company	100.00%	Section 2(87)
3.	White Data Systems India Private Limited Old No. 24, New No. 39, Periaswamy Road, (East), R S Puram, Coimbatore 641 002	U72200TZ2015PTC021273	Associate company	30.87%	Section 2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

S. No	Category of Shareholder	No. of Shares held at the beginning of the year 01-04-2019 (Face value of ₹ 10 each)				No. of Shares held at the end of the year 31-03-2020 (Face value of ₹ 2 each)				% Change during the year
		Demat	Physical	Total No. of Shares	% to total no. of shares	Demat	Physical	Total No. of Shares	% to total no. of shares	
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	**INDIAN**									
(a)	Individual / HUF	25,96,069	-	25,96,069	1.66	97,78,280	-	97,78,280	1.19	(0.47)
(b)	Central Government /State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	7,96,72,304	-	7,96,72,304	50.95	40,77,21,704	-	40,77,21,704	49.75	(1.20)
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	6,93,877	-	6,93,877	0.44	57,78,220	-	57,78,220	0.71	0.27
	Sub-Total A(1) :	**8,29,62,250**	**-**	**8,29,62,250**	**53.06**	**42,32,78,204**	**-**	**42,32,78,204**	**51.65**	**(1.41)**
(2)	**FOREIGN**									
(a)	Individuals (NRIs/ Foreign Individuals)	2,578	-	2,578	0.00	12,890	-	12,890	0.00	0.00
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**2,578**	**-**	**2,578**	**0.00**	**12,890**	**-**	**12,890**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**8,29,64,828**	**-**	**8,29,64,828**	**53.06**	**42,32,91,094**	**-**	**42,32,91,094**	**51.65**	**(1.41)**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds /UTI	2,52,98,486	100	2,52,98,586	16.18	19,04,28,071	500	19,04,28,571	23.23	7.05
(b)	Financial Institutions /Banks	49,930	-	49,930	0.03	2,79,195	-	2,79,195	0.03	0.00
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	2,96,21,286	-	2,96,21,286	18.94	10,00,35,743	-	10,00,35,743	12.21	(6.73)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-

(i) Category-wise Shareholding (Contd.)

S. No	Category of Shareholder	No. of Shares held at the beginning of the year 01-04-2019 (Face value of ₹ 10 each)				No. of Shares held at the end of the year 31-03-2020 (Face value of ₹ 2 each)				% Change during the year
		Demat	Physical	Total No. of Shares	% to total no. of shares	Demat	Physical	Total No. of Shares	% to total no. of shares	
(i)	Others - Alternate Investment Funds	11,87,149	-	11,87,149	0.76	69,35,884	-	69,35,884	0.85	0.09
	Qualified Institutional Buyer					2,39,31,567	-	2,39,31,567	2.92	2.92
	Sub-Total B(1) :	**5,61,56,851**	**100**	**5,61,56,951**	**35.92**	**32,16,10,460**	**500**	**32,16,10,960**	**39.24**	**3.33**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	63,83,219	1,997	63,85,216	4.08	1,23,94,058	8,985	1,24,03,043	1.51	(2.57)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	83,62,838	2,76,689	86,39,527	5.53	4,64,95,538	11,24,490	4,76,20,028	5.81	0.28
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	12,56,062	-	12,56,062	0.80	67,32,763	86,900	68,19,663	0.83	0.03
(c)	Others									
	Clearing Members	1,41,776	-	1,41,776	0.09	26,75,690	-	26,75,690	0.33	0.24
	Foreign Nationals	370	-	370	0.00	-	-	-	-	(0.00)
	IEPF	58,260	-	58,260	0.04	4,04,280	125	4,04,405	0.05	0.01
	NBFC	59,596	-	59,596	0.04	1,71,506	-	1,71,506	0.02	(0.02)
	Non Resident Indians	3,22,015	7,702	3,29,717	0.21	18,29,536	21,260	18,50,796	0.23	0.02
	Non Resident Indians - Non-repatriable	2,03,618	-	2,03,618	0.13	21,45,215	-	21,45,215	0.26	0.13
	Trusts	1,63,192	-	1,63,192	0.10	5,85,359	-	5,85,359	0.07	(0.03)
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**1,69,50,946**	**2,86,388**	**1,72,37,334**	**11.02**	**7,34,33,945**	**12,41,760**	**7,46,75,705**	**9.11**	**(1.91)**
	Total B=B(1)+B(2):	**7,31,07,797**	**2,86,488**	**7,33,94,285**	**46.94**	**39,50,44,405**	**12,42,260**	**39,62,86,665**	**48.35**	**1.41**
	Total (A+B)	**15,60,72,625**	**2,86,488**	**15,63,59,113**	**100.00**	**81,83,35,499**	**12,42,260**	**81,95,77,759**	**100.00**	**0.00**
(C)	**Shares held by-custodians, against which Depository Receipts have been issued**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C)	**15,60,72,625**	**2,86,488**	**15,63,59,113**	**100.00**	**81,83,35,499**	**12,42,260**	**81,95,77,759**	**100.00**	**0.00**

Note:

1. Change in the percentage of shareholding is due to increase in paid-up share capital of the company on account of allotment of 3,11,400 shares under ESOP, allotment of 2,81,25,000 shares under qualified institutions placement and 93,45,794 shares under preferential allotment.
2. Change in number of shares is due to subdivision of equity shares of ₹ 10/- each to equity shares of ₹ 2/- each w.e.f. 18 June, 2019.

(ii) Shareholding of promoters and promoter group:

SN.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares (Face value of ₹ 10 each)	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares (Face value of ₹ 2 each)	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
	PROMOTERS							
1.	M. V. Murugappan holds shares jointly with M. A. Alagappan and M. M. Murugappan	-	-	-	-	-	-	-
2.	M. V. Subbiah	3,14,925	0.20	-	10,000	0.00	-	(0.20)
3.	S. Vellayan	2,45,493	0.16	-	0	0.00	-	(0.16)
4.	A. Vellayan	27,157	0.02	-	1,35,785	0.02	-	0.00
5.	V. Narayanan	50,800	0.03	-	2,54,000	0.03	-	0.00
6.	V. Arunachalam	48,503	0.03	-	2,42,515	0.03	-	0.00
7.	A. Venkatachalam	41,921	0.03	-	2,09,605	0.03	-	0.00
8.	Arun Venkatachalam	80,750	0.05	-	4,03,750	0.05	-	0.00
9.	M. M. Murugappan	4,207	0.00	-	21,035	0.00	-	0.00
10.	M. M. Veerappan	-	-	-	-	-	-	-
11.	M. M. Muthiah	-	-	-	-	-	-	-
12.	M. M. Venkatachalam	-	-	-	-	-	-	-
13.	M. V. Muthiah	-	-	-	-	-	-	-
14.	M. V. Subramanian	-	-	-	-	-	-	-
15.	M. A. Alagappan	5,63,546	0.36	-	28,44,610	0.35	-	(0.01)
16.	Arun Alagappan	1,90,000	0.12	-	9,50,000	0.12	-	0.00
17.	M. A. M. Arunachalam	13,000	0.01	-	65,000	0.01	-	0.00
18.	M.V. Murugappan (HUF)	-	-	-	-	-	-	-
19.	E.I.D. Parry (India) Ltd.	393	0.00	-	1,965	0.00	-	0.00
20.	Coromandel International Ltd.	-	-	-	-	-	-	-
21.	New Ambadi Estates Pvt. Ltd.	-	-	-	-	-	-	-
22.	Ambadi Enterprises Ltd.	58,276	0.04	-	2,91,380	0.04	-	0.00
23.	Ambadi Investments Ltd. (Formerly Ambadi Investments Private Limited)	69,19,374	4.43	-	3,37,21,870	4.11	-	(0.32)
24.	Tube Investments of India Limited	-	-		-	-	-	-
25.	Cholamandalam Financial Holdings Limited (Formerly known as TI Financial Holdings Limited)	7,25,33,019	46.39	-	37,28,85,889	45.50	-	(0.89)
26.	Carborundum Universal Ltd.	100	0.00	-	500	0.00	-	0.00
27.	Murugappa & Sons (M. V. Subbiah, M. A. Alagappan and M. M. Murugappan hold shares on behalf of the Firm)	-	-	-	-	-	-	-
	PROMOTER (A)	**8,10,91,464**	**51.86**	**-**	**41,20,37,904**	**50.28**	**-**	**(1.58)**
	PROMOTER GROUP (B)	**18,73,364**	**1.20**	**-**	**1,12,53,190**	**1.37**	**-**	**0.17**
	TOTAL (A)+(B)	**8,29,64,828**	**53.06**	**-**	**42,32,91,094**	**51.65**	**-**	**(1.41)**

(iii) (a) Change in Promoters' Shareholding (please specify, if there is no change):

SN.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year - Promoter	8,10,91,464	51.86	-	-
2	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease				
i	M. V. Subbiah				
	At the beginning of the year	3,14,925	0.20		
	03-Jun-2019 - Inter-se transfer by way of gift to M/s. Saraswathi Trust & M/s. Shambho Trust	(1,50,578)	(0.10)	8,09,40,886	51.77
ii	S. Vellayan				
	At the beginning of the year	2,45,493	0.16		
	03-Jun-2019 - Inter-se transfer to M/s. Shambho Trust by way of gift	(2,45,493)	(0.16)	82,467,318	52.74
iii	Promoter shareholding prior to sub-division			8,06,95,393	51.61
iv	18-Jun-2019 - Consequent to the sub-division of equity shares, of face value of ₹ 10/- (Rupees Ten only) fully paid up into equity shares of face value of ₹ 2/- (Rupees Two only) each fully paid up, number of shares increased to 40,34,76,965 shares			40,34,76,965	51.61
v	Ambadi Investments Limited				
	At the beginning of the year*	3,45,96,870	4.43		
	25-Jun-2019 – Market sale of shares	(8,75,000)	(0.11)	40,26,01,965	51.50
vi	Cholamandalam Financial Holdings Limited				
	At the beginning of the year*	36,26,65,095	46.39		
	25-Jun-2019 – Market purchase of shares	8,75,000	0.11	40,34,76,965	51.61
vii	M. V. Subbiah				
	As on 03-Jun-2019*	8,21,735	0.10		
	25-Jun-2019 – Off-market transfer of shares by way of gift	(8,11,735)	(0.10)	40,26,65,230	51.50
viii	Cholamandalam Financial Holdings Limited				
	As on 25-Jun-2019	36,35,40,095	46.50		
	07-Mar-2020 – Preferential allotment of shares	93,45,794	1.14	41,20,11,024	50.28
ix	M. A. Alagappan				
	At the beginning of the year*	24,61,880	0.31		
	19-Mar-2020 – Market purchase of shares	26,880	0.00	41,20,37,904	50.28
3	At the end of the year - Promoter			**41,20,37,904**	**50.27**

*Number of shares adjusted to reflect the sub-divided shares of face value of ₹ 2 each.

(iii) (b) Change in Promoters' Debentureholding (please specify, if there is no change):

SN.		Debenture holding at the beginning of the year		Cumulative Debenture holding during the year	
		No. of Debenture	% of total Debenture of the company	No. of Debenture	% of total Debenture of the company
1.	At the beginning of the year - promoter	-	-	-	-
2.	Date wise increase / decrease in Promoters' debentureholding during the year specifying the reasons for increase / decrease				
	Ambadi Enterprises Limited				
	At the beginning of the year	-	-		
	31-Jan-2020 – Market purchase of debentures	3	0.01		
3.	At the end of the year - promoter			3	0.01

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SN.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	DSP A.C.E. FUND - SERIES 1	1,84,258	0.12					
				12-04-2019	(9,269)	Sale	1,74,989	0.11
				19-04-2019	(68,782)	Sale	1,06,207	0.07
				26-04-2019	(31,926)	Sale	74,281	0.05
				03-05-2019	(22,215)	Sale	52,066	0.03
				10-05-2019	(52,066)	Sale	0	0.00
				31-01-2020	19,68,984	Purchase	19,68,984	0.25
				07-02-2020	31,26,079	Purchase	50,95,063	0.63
				20-03-2020	29,45,436	Purchase	80,40,499	0.98
				27-03-2020	12,40,000	Purchase	92,80,499	1.13
				31-03-2020	2,20,845	Purchase	95,01,344	1.16
				31-03-2020	-	-	95,01,344	1.16
2	UTI-MASTERSHARE UNIT SCHEME	11,16,382	0.71					
				05-04-2019	27,000	Purchase	11,43,382	0.73
				05-04-2019	(27,890)	Sale	11,15,492	0.71
				14-06-2019	(26,110)	Sale	10,89,382	0.70
				21-06-2019	43,57,528	Corporate Action*	54,46,910	0.70
				26-07-2019	52,520	Purchase	54,99,430	0.70
				13-09-2019	6,21,000	Purchase	61,20,430	0.78
				13-09-2019	(6,21,000)	Sale	54,99,430	0.70
				27-09-2019	(3,44,000)	Sale	51,55,430	0.66
				11-10-2019	5,74,280	Purchase	57,29,710	0.73
				01-11-2019	(54,000)	Sale	56,75,710	0.73
				08-11-2019	1,12,657	Purchase	57,88,367	0.74
				20-12-2019	(47,000)	Sale	57,41,367	0.73
				13-03-2020	6,52,438	Purchase	63,93,805	0.78
				20-03-2020	7,65,273	Purchase	71,59,078	0.87
				20-03-2020	(1,35,000)	Sale	70,24,078	0.86
				27-03-2020	1,00,387	Purchase	71,24,465	0.87
				31-03-2020	4,43,047	Purchase	75,67,512	0.92
				31-03-2020	-	-	75,67,512	0.92
3	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDIA	8,94,666	0.57					
				05-04-2019	9,132	Purchase	9,03,798	0.58
				12-04-2019	7,862	Purchase	9,11,660	0.58
				26-04-2019	83,788	Purchase	9,95,448	0.64
				10-05-2019	6,466	Purchase	10,01,914	0.64
				24-05-2019	4,921	Purchase	10,06,835	0.64
				24-05-2019	(8,960)	Sale	9,97,875	0.64
				31-05-2019	(19,840)	Sale	9,78,035	0.63
				07-06-2019	52,487	Purchase	10,30,522	0.66
				07-06-2019	(79,981)	Sale	9,50,541	0.61
				14-06-2019	15,432	Purchase	9,65,973	0.62
				21-06-2019	38,63,892	Corporate Action*	48,29,865	0.62
				21-06-2019	80,425	Purchase	49,10,290	0.63
				28-06-2019	(99,410)	Sale	48,10,880	0.62
				05-07-2019	99,200	Purchase	49,10,080	0.63
				12-07-2019	1,19,249	Purchase	50,29,329	0.64
				26-07-2019	88,328	Purchase	51,17,657	0.65

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				26-07-2019	(7,337)	Sale	51,10,320	0.65
				02-08-2019	3,34,323	Purchase	54,44,643	0.70
				02-08-2019	(32,859)	Sale	54,11,784	0.69
				09-08-2019	42,687	Purchase	54,54,471	0.70
				09-08-2019	(2,46,047)	Sale	52,08,424	0.67
				23-08-2019	1,04,000	Purchase	53,12,424	0.68
				30-08-2019	4,70,364	Purchase	57,82,788	0.74
				30-08-2019	(82,650)	Sale	57,00,138	0.73
				06-09-2019	2,58,779	Purchase	59,58,917	0.76
				20-09-2019	30,140	Purchase	59,89,057	0.77
				27-09-2019	5,24,550	Purchase	65,13,607	0.83
				27-09-2019	(9,036)	Sale	65,04,571	0.83
				04-10-2019	3,47,960	Purchase	68,52,531	0.88
				11-10-2019	1,49,866	Purchase	70,02,397	0.90
				18-10-2019	81,596	Purchase	70,83,993	0.91
				18-10-2019	(11,249)	Sale	70,72,744	0.90
				25-10-2019	49,834	Purchase	71,22,578	0.91
				01-11-2019	2,01,770	Purchase	73,24,348	0.94
				08-11-2019	45,792	Purchase	73,70,140	0.94
				08-11-2019	(2,35,805)	Sale	71,34,335	0.91
				22-11-2019	(1,75,940)	Sale	69,58,395	0.89
				29-11-2019	(5,131)	Sale	69,53,264	0.89
				06-12-2019	3,99,590	Purchase	73,52,854	0.94
				13-12-2019	(1,10,456)	Sale	72,42,398	0.93
				20-12-2019	(1,61,474)	Sale	70,80,924	0.91
				27-12-2019	(34,621)	Sale	70,46,303	0.90
				10-01-2020	(11,881)	Sale	70,34,422	0.90
				17-01-2020	(2,75,568)	Sale	67,58,854	0.86
				31-01-2020	(3,760)	Sale	67,55,094	0.86
				28-02-2020	2,03,665	Purchase	69,58,759	0.86
				28-02-2020	(8,091)	Sale	69,50,668	0.86
				06-03-2020	3,05,416	Purchase	72,56,084	0.90
				13-03-2020	4,78,436	Purchase	77,34,520	0.94
				20-03-2020	1,51,876	Purchase	78,86,396	0.96
				27-03-2020	(4,75,416)	Sale	74,10,980	0.90
				31-03-2020	(5,914)	Sale	74,05,066	0.90
				31-03-2020	-	-	74,05,066	0.90
4	HDFC TRUSTEE COMPANY LTD A/C - HDFC CHILDREN'S GIFT	69,71,210	4.46					
				21-06-2019	2,78,84,840	Corporate Action*	3,48,56,050	4.46
				26-07-2019	1,23,000	Purchase	3,49,79,050	4.47
				26-07-2019	(15,000)	Sale	3,49,64,050	4.47
				27-09-2019	(4,62,250)	Sale	3,45,01,800	4.41
				10-01-2020	40,000	Purchase	3,45,41,800	4.42
				31-01-2020	95,000	Purchase	3,46,36,800	4.43
				13-03-2020	1,85,000	Purchase	3,48,21,800	4.25
				27-03-2020	(17,500)	Sale	3,48,04,300	4.25
				31-03-2020	-	-	3,48,04,300	4.25

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5	OPPENHEIMER DEVELOPING MARKETS FUND	69,24,201	4.43					
				21-06-2019	2,76,96,804	Corporate Action*	3,46,21,005	4.43
				22-11-2019	(18,75,606)	Sale	3,27,45,399	4.19
				29-11-2019	(13,90,065)	Sale	3,13,55,334	4.01
				06-12-2019	(12,86,295)	Sale	3,00,69,039	3.85
				13-12-2019	(12,64,947)	Sale	2,88,04,092	3.68
				20-12-2019	(11,22,330)	Sale	2,76,81,762	3.54
				27-12-2019	(3,68,199)	Sale	2,73,13,563	3.49
				31-12-2019	(1,64,530)	Sale	2,71,49,033	3.47
				03-01-2020	(2,10,555)	Sale	2,69,38,478	3.45
				10-01-2020	(9,19,679)	Sale	2,60,18,799	3.33
				17-01-2020	(10,95,809)	Sale	2,49,22,990	3.19
				24-01-2020	(45,64,872)	Sale	2,03,58,118	2.60
				31-01-2020	(96,30,524)	Sale	1,07,27,594	1.37
				07-02-2020	(51,39,232)	Sale	55,88,362	0.69
				14-02-2020	(13,61,234)	Sale	42,27,128	0.52
				21-02-2020	(3,22,708)	Sale	39,04,420	0.48
				28-02-2020	(8,79,796)	Sale	30,24,624	0.37
				06-03-2020	(15,93,864)	Sale	14,30,760	0.18
				13-03-2020	(14,30,760)	Sale	0	0.00
				31-03-2020	-	-	0	0.00
6	GOVERNMENT OF SINGAPORE	0	0.00					
				07-02-2020	68,59,687	Purchase	68,59,687	0.85
				31-03-2020	-	-	68,59,687	0.84
7	CARTICA CAPITAL LTD	61,46,787	3.93					
				03-05-2019	(77,872)	Sale	60,68,915	3.88
				10-05-2019	(1,87,843)	Sale	58,81,072	3.76
				31-05-2019	(51,860)	Sale	58,29,212	3.73
				14-06-2019	(34,269)	Sale	57,94,943	3.71
				21-06-2019	2,31,79,772	Corporate Action*	2,89,74,715	3.71
				21-06-2019	(1,69,404)	Sale	2,88,05,311	3.68
				19-07-2019	(7,11,613)	Sale	2,80,93,698	3.59
				26-07-2019	(16,00,579)	Sale	2,64,93,119	3.39
				02-08-2019	(63,139)	Sale	2,64,29,980	3.38
				09-08-2019	(1,20,968)	Sale	2,63,09,012	3.37
				16-08-2019	(10,32,000)	Sale	2,52,77,012	3.23
				23-08-2019	(13,38,914)	Sale	2,39,38,098	3.06
				30-08-2019	(3,70,000)	Sale	2,35,68,098	3.01
				13-09-2019	(27,42,039)	Sale	2,08,26,059	2.66
				20-09-2019	(22,06,316)	Sale	1,86,19,743	2.38
				27-09-2019	(30,00,000)	Sale	1,56,19,743	2.00
				04-10-2019	(5,84,916)	Sale	1,50,34,827	1.92
				11-10-2019	(3,15,652)	Sale	1,47,19,175	1.88
				18-10-2019	(7,08,462)	Sale	1,40,10,713	1.79
				25-10-2019	(1,25,496)	Sale	1,38,85,217	1.78
				01-11-2019	(7,27,047)	Sale	1,31,58,170	1.68
				08-11-2019	(25,65,700)	Sale	1,05,92,470	1.35
				15-11-2019	(24,44,037)	Sale	81,48,433	1.04
				22-11-2019	(6,32,176)	Sale	75,16,257	0.96

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				29-11-2019	(4,20,556)	Sale	70,95,701	0.91
				13-12-2019	(67,240)	Sale	70,28,461	0.90
				20-12-2019	(3,26,426)	Sale	67,02,035	0.86
				31-12-2019	(13,787)	Sale	66,88,248	0.86
				24-01-2020	(85,277)	Sale	66,02,971	0.84
				07-02-2020	(27,897)	Sale	65,75,074	0.81
				31-03-2020	-	-	65,75,074	0.80
8	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C	45,87,719	2.93					
				05-04-2019	(79,600)	Sale	45,08,119	2.88
				12-04-2019	(50,000)	Sale	44,58,119	2.85
				19-04-2019	18,000	Purchase	44,76,119	2.86
				26-04-2019	(1,46,642)	Sale	43,29,477	2.77
				03-05-2019	(6,100)	Sale	43,23,377	2.77
				10-05-2019	40,500	Purchase	43,63,877	2.79
				10-05-2019	(7,600)	Sale	43,56,277	2.79
				17-05-2019	(1,49,900)	Sale	42,06,377	2.69
				07-06-2019	(14,550)	Sale	41,91,827	2.68
				14-06-2019	(15,900)	Sale	41,75,927	2.67
				21-06-2019	1,67,03,708	Corporate Action*	2,08,79,635	2.67
				28-06-2019	26,900	Purchase	2,09,06,535	2.67
				19-07-2019	(5,57,000)	Sale	2,03,49,535	2.60
				02-08-2019	80,100	Purchase	2,04,29,635	2.61
				02-08-2019	(14,50,000)	Sale	1,89,79,635	2.43
				09-08-2019	1,50,000	Purchase	1,91,29,635	2.45
				09-08-2019	(4,82,000)	Sale	1,86,47,635	2.39
				16-08-2019	(19,000)	Sale	1,86,28,635	2.38
				27-09-2019	(6,86,000)	Sale	1,79,42,635	2.29
				20-12-2019	5,00,000	Purchase	1,84,42,635	2.36
				17-01-2020	70,000	Purchase	1,85,12,635	2.37
				31-01-2020	19,50,000	Purchase	2,04,62,635	2.62
				07-02-2020	43,75,000	Purchase	2,48,37,635	3.07
				14-02-2020	5,00,000	Purchase	2,53,37,635	3.13
				06-03-2020	2,62,587	Purchase	2,56,00,222	3.16
				06-03-2020	(3,000)	Sale	2,55,97,222	3.16
				13-03-2020	4,00,000	Purchase	2,59,97,222	3.17
				20-03-2020	20,68,454	Purchase	2,80,65,676	3.42
				27-03-2020	16,39,224	Purchase	2,97,04,900	3.62
				27-03-2020	(1,06,748)	Sale	2,95,98,152	3.61
				31-03-2020	33,523	Purchase	2,96,31,675	3.62
				31-03-2020	(3,00,000)	Sale	2,93,31,675	3.58
				31-03-2020	-	-	2,93,31,675	3.58
9	SBI MAGNUM MIDCAP FUND	43,54,951	2.79	30-03-2019				
				21-06-2019	1,74,19,804	Corporate Action*	2,17,74,755	2.79
				21-06-2019	(1,43,000)	Sale	2,16,31,755	2.77
				02-08-2019	2,98,716	Purchase	2,19,30,471	2.81
				09-08-2019	10,00,000	Purchase	2,29,30,471	2.93
				30-08-2019	5,00,000	Purchase	2,34,30,471	3.00
				06-09-2019	3,89,181	Purchase	2,38,19,652	3.05

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				13-09-2019	24,03,819	Purchase	2,62,23,471	3.35
				20-03-2020	4,67,842	Purchase	2,66,91,313	3.26
				27-03-2020	32,158	Purchase	2,67,23,471	3.26
				31-03-2020	-	-	2,67,23,471	3.26
10	MATTHEWS INDIA FUND	26,94,284	1.72					
				21-06-2019	1,07,77,136	Corporate Action*	1,34,71,420	1.72
				22-11-2019	(6,44,156)	Sale	1,28,27,264	1.64
				06-12-2019	(11,33,642)	Sale	1,16,93,622	1.50
				13-12-2019	(1,03,574)	Sale	1,15,90,048	1.48
				27-12-2019	(42,232)	Sale	1,15,47,816	1.48
				24-01-2020	(12,68,093)	Sale	1,02,79,723	1.31
				07-02-2020	(9,27,370)	Sale	93,52,353	1.15
				28-02-2020	(1,41,972)	Sale	92,10,381	1.14
				06-03-2020	(11,56,518)	Sale	80,53,863	0.99
				13-03-2020	(6,35,496)	Sale	74,18,367	0.91
				20-03-2020	(10,89,027)	Sale	63,29,340	0.77
				27-03-2020	(11,73,301)	Sale	51,56,039	0.63
				31-03-2020	(2,83,941)	Sale	48,72,098	0.59
				31-03-2020	-	-	48,72,098	0.59
11	HDFC LIFE INSURANCE COMPANY LIMITED	21,57,169	1.38					
				05-04-2019	39	Purchase	21,57,208	1.38
				12-04-2019	785	Purchase	21,57,993	1.38
				19-04-2019	25	Purchase	21,58,018	1.38
				10-05-2019	(6,506)	Sale	21,51,512	1.38
				24-05-2019	(30,000)	Sale	21,21,512	1.36
				31-05-2019	(27,000)	Sale	20,94,512	1.34
				07-06-2019	37,000	Purchase	21,31,512	1.36
				14-06-2019	(3,500)	Sale	21,28,012	1.36
				21-06-2019	85,12,048	Corporate Action*	1,06,40,060	1.36
				05-07-2019	49,077	Purchase	1,06,89,137	1.37
				19-07-2019	4,06,080	Purchase	1,10,95,217	1.42
				26-07-2019	1,51,522	Purchase	1,12,46,739	1.44
				02-08-2019	(2,73,973)	Sale	1,09,72,766	1.40
				09-08-2019	(77,901)	Sale	1,08,94,865	1.39
				16-08-2019	(28,029)	Sale	1,08,66,836	1.39
				23-08-2019	(607)	Sale	1,08,66,229	1.39
				30-08-2019	(5,552)	Sale	1,08,60,677	1.39
				06-09-2019	58,584	Purchase	1,09,19,261	1.40
				13-09-2019	(34,207)	Sale	1,08,85,054	1.39
				20-09-2019	(5,443)	Sale	1,08,79,611	1.39
				27-09-2019	(3,14,817)	Sale	1,05,64,794	1.35
				04-10-2019	(5,961)	Sale	1,05,58,833	1.35
				11-10-2019	(8,115)	Sale	1,05,50,718	1.35
				18-10-2019	(743)	Sale	1,05,49,975	1.35
				25-10-2019	(2,30,926)	Sale	1,03,19,049	1.32
				01-11-2019	(1,09,063)	Sale	1,02,09,986	1.31
				08-11-2019	(2,131)	Sale	1,02,07,855	1.31
				15-11-2019	(2,95,724)	Sale	99,12,131	1.27

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				22-11-2019	(2,06,305)	Sale	97,05,826	1.24
				29-11-2019	(9,100)	Sale	96,96,726	1.24
				06-12-2019	(2,259)	Sale	96,94,467	1.24
				13-12-2019	(3,435)	Sale	96,91,032	1.24
				20-12-2019	34,064	Purchase	97,25,096	1.24
				27-12-2019	(543)	Sale	97,24,553	1.24
				31-12-2019	(394)	Sale	97,24,159	1.24
				10-01-2020	(11,563)	Sale	97,12,596	1.24
				17-01-2020	(20,133)	Sale	96,92,463	1.24
				24-01-2020	(8,055)	Sale	96,84,408	1.24
				31-01-2020	(8,939)	Sale	96,75,469	1.24
				07-02-2020	10,94,150	Purchase	1,07,69,619	1.33
				14-02-2020	31,500	Purchase	1,08,01,119	1.33
				21-02-2020	200	Purchase	1,08,01,319	1.33
				28-02-2020	200	Purchase	1,08,01,519	1.33
				06-03-2020	3,06,665	Purchase	1,11,08,184	1.37
				13-03-2020	5,93,735	Purchase	1,17,01,919	1.43
				20-03-2020	12,08,000	Purchase	1,29,09,919	1.58
				27-03-2020	9,97,000	Purchase	1,39,06,919	1.70
				31-03-2020	(18,531)	Sale	1,38,88,388	1.69
				31-03-2020	-	-	1,38,88,388	1.69
12	L AND T MUTUAL FUND TRUSTEE LTD - L AND T MID CAP FUND	19,43,400	1.24					
				05-04-2019	97,404	Purchase	20,40,804	1.31
				05-04-2019	(23,312)	Sale	20,17,492	1.29
				26-04-2019	1,70,596	Purchase	21,88,088	1.40
				24-05-2019	11,554	Purchase	21,99,642	1.41
				21-06-2019	87,98,568	Corporate Action*	1,09,98,210	1.41
				28-06-2019	1,62,530	Purchase	1,11,60,740	1.43
				05-07-2019	4,03,702	Purchase	1,15,64,442	1.48
				12-07-2019	1,90,571	Purchase	1,17,55,013	1.50
				02-08-2019	8,39,020	Purchase	1,25,94,033	1.61
				09-08-2019	3,57,500	Purchase	1,29,51,533	1.66
				16-08-2019	2,497	Purchase	1,29,54,030	1.66
				04-10-2019	6,40,967	Purchase	1,35,94,997	1.74
				11-10-2019	3,61,103	Purchase	1,39,56,100	1.79
				25-10-2019	1,92,000	Purchase	1,41,48,100	1.81
				01-11-2019	7,64,505	Purchase	1,49,12,605	1.91
				22-11-2019	6,89,605	Purchase	1,56,02,210	2.00
				06-12-2019	5,00,000	Purchase	1,61,02,210	2.06
				14-02-2020	(1,22,000)	Sale	1,59,80,210	1.97
				20-03-2020	4,46,100	Purchase	1,64,26,310	2.00
				31-03-2020	-	-	1,64,26,310	2.00
13	SMALLCAP WORLD FUND, INC	15,73,000	1.01					
				21-06-2019	62,92,000	Corporate Action*	78,65,000	1.01
				27-09-2019	2,36,619	Purchase	81,01,619	1.04
				04-10-2019	73,581	Purchase	81,75,200	1.05
				11-10-2019	2,76,368	Purchase	84,51,568	1.08
				18-10-2019	1,33,431	Purchase	85,84,999	1.10

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
				08-11-2019	4,80,001	Purchase	90,65,000	1.16
				15-11-2019	1,35,831	Purchase	92,00,831	1.18
				22-11-2019	46,60,169	Purchase	1,38,61,000	1.77
				13-03-2020	(8,38,087)	Sale	1,30,22,913	1.59
				20-03-2020	(51,57,913)	Sale	78,65,000	0.96
				27-03-2020	(38,99,303)	Sale	39,65,697	0.48
				31-03-2020	(12,35,693)	Sale	27,30,004	0.33
				31-03-2020	-	-	27,30,004	0.33
14	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND	14,94,151	0.96					
				05-04-2019	65,565	Purchase	15,59,716	1.00
				03-05-2019	16,435	Purchase	15,76,151	1.01
				24-05-2019	1,03,717	Purchase	16,79,868	1.07
				31-05-2019	33,600	Purchase	17,13,468	1.10
				31-05-2019	(342)	Sale	17,13,126	1.10
				07-06-2019	32,595	Purchase	17,45,721	1.12
				21-06-2019	69,82,884	Corporate Action*	87,28,605	1.12
				21-06-2019	90,025	Purchase	88,18,630	1.13
				28-06-2019	(1,875)	Sale	88,16,755	1.13
				12-07-2019	1,70,479	Purchase	89,87,234	1.15
				23-08-2019	(1,246)	Sale	89,85,988	1.15
				30-08-2019	37,843	Purchase	90,23,831	1.15
				06-09-2019	59,854	Purchase	90,83,685	1.16
				13-09-2019	(473)	Sale	90,83,212	1.16
				20-09-2019	1,09,678	Purchase	91,92,890	1.18
				27-09-2019	9,48,503	Purchase	1,01,41,393	1.30
				27-09-2019	(464)	Sale	1,01,40,929	1.30
				30-09-2019	2,20,000	Purchase	1,03,60,929	1.33
				30-09-2019	(1,00,000)	Sale	1,02,60,929	1.31
				25-10-2019	69,639	Purchase	1,03,30,568	1.32
				25-10-2019	(1,35,000)	Sale	1,01,95,568	1.30
				01-11-2019	3,56,008	Purchase	1,05,51,576	1.35
				01-11-2019	(1,71,137)	Sale	1,03,80,439	1.33
				08-11-2019	(71,643)	Sale	1,03,08,796	1.32
				22-11-2019	1,77,985	Purchase	1,04,86,781	1.34
				22-11-2019	(648)	Sale	1,04,86,133	1.34
				29-11-2019	1,20,000	Purchase	1,06,06,133	1.36
				06-12-2019	1,20,000	Purchase	1,07,26,133	1.37
				17-01-2020	1,40,000	Purchase	1,08,66,133	1.39
				07-02-2020	10,93,750	Purchase	1,19,59,883	1.48
				07-02-2020	(1,257)	Sale	1,19,58,626	1.48
				14-02-2020	2,39,861	Purchase	1,21,98,487	1.51
				14-02-2020	(1,164)	Sale	1,21,97,323	1.51
				20-03-2020	2,40,000	Purchase	1,24,37,323	1.52
				27-03-2020	8,52,264	Purchase	1,32,89,587	1.62
				31-03-2020	-	-	1,32,89,587	1.62

Notes:

1. The shares of the company are traded on a daily basis and hence the dates above refer to the beneficiary position dates.
2. The above list comprises Top 10 shareholders as on 01-04-2019 and as on 31-03-2020.

* Corporate action for sub-division of equity shares of ₹ 10/- each to equity shares of ₹ 2/- each.

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

SN.	Name of the Share Holder	Shareholding at the beginning of the year (01-04-2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares (Face value of ₹ 10 each)	% of total shares of the Company				No. of shares (Face value of ₹ 2 each)	% of total shares of the Company
	Directors:							
1.	Mr. M.M. Murugappan	4,207	0.003					
				31-03-2020			21,035	0.003
2.	Mr. Ashok Kumar Barat	0	0					
				31-03-2020			0	0
3.	Mr. N. Ramesh Rajan	0	0					
				31-03-2020			0	0
4.	Ms. Bhama	0	0					
	Krishnamurthy*			31-03-2020			0	0
5.	Mr. Rohan Verma	0	0					
				31-03-2020			0	0
6.	Mr. Arun Alagappan	1,90,000	0.122					
				31-03-2020			9,50,000	0.116
7.	Mr. Ravindra Kumar	16,047	0.010					
	Kundu$			31-03-2020			80,235	0.010
8.	Ms. Bharati Rao@	0	0					
				31-03-2020			Not applicable	
	KMP:							
9.	Mr. D. Arul Selvan	14,840	0.009					
				31-03-2020			74,200	0.009
10.	Ms. P. Sujatha	16,527	0.011					
				31-03-2020			82,635	0.010

Note:

* - Appointed as an additional director effective 31 July, 2019.

$ - Appointed as the executive director effective 23 January, 2020.

@ - Retired at the close of 41st annual general meeting held on 30 July, 2019.

Number of shares as at 31 March, 2020 reflects the sub-divided equity shares of face value ₹ 2 each.

V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT:

₹ in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount@	42,05,819	7,71,275	-	49,77,094
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	61,001	18,579	-	79,580
Total (i+ii+iii)	**42,66,820**	**7,89,854**	**-**	**50,56,674**
Change in indebtedness during the financial year				
• Addition	42,51,421	19,28,419	-	61,79,840
• Reduction	35,90,570	21,33,250	-	57,23,820
Net Change	6,60,851	(2,04,831)	-	4,56,020
Indebtedness at the end of the financial year				
i. Principal Amount#	48,66,670	5,66,444	-	54,33,114
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	50,057	17,373	-	67,430
Total (i+ii+iii)	**49,16,727**	**5,83,817**	**-**	**55,00,544**
@ net of unamortised charges and investment in pass through certificate	36,107	14,745		50,852
# net of unamortised charges and investment in pass through certificate	35,497	7,376		42,873

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to executive director(s)

₹ in lakhs

SN.	Particulars of Remuneration	Arun Alagappan, Managing Director	Ravindra Kumar Kundu, Executive Director (w.e.f. 23-Jan-2020)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	335.95	22.41
	(b) Value of perquisites u/s 17(2) of the Income-tax	27.83	2.91
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify*		
	Total	**363.78**	**25.32**
	Total remuneration paid to executive director(s)		**389.10**
	Ceiling as per the Act		**15,972.91**

B. Remuneration to other directors

₹ in lakhs

SN.	Particulars of Remuneration	Name of Directors					
1.	**Independent Directors**	**N. Ramesh Rajan**	**Ashok Kumar Barat**	**Bhama Krishnamurthy**	**Rohan Verma**	**Bharati Rao**	**Total Amount**
	- Fee for attending board / committee meetings	6.40	7.80	4.80	3.10	0.95	23.05
	- Commission	12.00	10.00	6.69	10.00	3.31	42.00
	- Others	-	-	-	-	-	-
	Total (1)	**18.40**	**17.80**	**11.49**	**13.10**	**4.26**	**65.05**
2.	**Other Non-Executive Director**	**M.M. Murugappan**					**Total Amount**
	- Fee for attending board committee meetings	5.00					5.00
	- Commission	10.00					10.00
	- Others	-					-
	Total (2)	**15.00**					**15.00**
	Total (B)=(1+2)						**80.05**
	Total Managerial Remuneration						**80.05**
	Overall Ceiling as per the Act						**1,597.29**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

₹ in lakhs

SN.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	Chief Financial Officer	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	111.04	138.19	249.23
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5.54	8.44	13.98
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option*			
	(a) Allotment of Shares (including premium)	-	-	-
	(b) Share application money pending allotment	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	**116.58**	**146.63**	**263.21**

* Total does not include the value of stock options.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES AGAINST THE COMPANY / DIRECTORS / OFFICERS IN DEFAULT

There were no penalties, punishment or compounding of offences during the year ended 31 March, 2020.

Annexure-III

CSR Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1) **A brief outline of the company's CSR policy, including overview of projects or programs the company, undertakes and a reference to the website link to the CSR policy:**

Chola believes that sustainable development promotes economic growth, greater social well- being, and protection of the environment. Every CSR project in Chola is designed to be sustainable in nature and not as a onetime activity. CSR projects in Chola are implemented across the operating geographies including the rural community across India. Chola's CSR efforts are directed towards offering the best path forward for helping people and communities to Enter a Better Life.

In the previous financial years, Chola's CSR activities encompassed major themes like Preventive Health Care, Providing Water and Sanitation, promoting education, conservation of natural resources, protecting environment, conservation of art and culture, promotion of sports, providing funds for technology incubators and rural development projects across 12 states and one union territory.

Company's Strategic Directions

The key focus areas where development programs have been initiated are:

1. Access to quality health care services - In several rural and remote areas across India, gaining access to quality health care services is a challenge. Bad road conditions and limited transport facilities make even primary healthcare facilities inaccessible. Chola has taken a step forward to address this issue in many parts of India. Chola has implemented and supported projects that take healthcare facilities to the doorsteps of communities. With the help of mobile medical vans and health camps that are regularly conducted, people living in rural areas are able to get treatment for a wide range of ailments anddiseases

2. Eye & health camps for truck drivers - Truck drivers have always been close to Chola's heart and Chola is committed to their overall wellbeing. Due to the intense working conditions, truck drivers face various health issues like cataract, high blood pressure, diabetes, etc. Majority of truck drivers have not had any health screening in their entire life. Chola has implemented a trucker's health program and successful organized eye camps across 10 states benefiting over 52,500 persons from the trucking communities. It also supported eleven vision centers and eye camp in 11 state. Also have conducted 150 health camps and Vision Center in Kishangarh. It was identified that almost 45% people from trucking community suffer from cataract and poor vision. They have been provided with spectacles and referred for cataract surgery either free or at affordable cost. Chola have extended its health services to the children of truck drivers by doing surgeries for children of truck drivers across India.

3. Improving the quality of education through arts and technology - Education takes a backseat in several rural communities across Tamil Nadu, where the literacy rate is poor, there is a growing number of school drop outs, there is a need for improvement in school infrastructure and there are no alternative educational opportunities for these school children. To facilitate access to quality education for the less privileged children, the focus is to make learning fun, concentrate on the overall development of the child, use of arts and technology to improve learning proficiency and reduce school dropouts.

4. Sports - Chola extends its support towards the young sportsmen training them for squash, lawn tennis for Olympics. Sports have a huge role to play when it comes to nation building. Supporting sports whether at national or international levels can enrich the social and cultural fabric of communities.

5. Environmental sustainability - Chola supports training programs for conserving wildlife and thus part of the ecology, and specific infrastructural support for conserving wildlife endangered by extinction.

6. Rural development - Chola adopts villages and extends interventions such as individual toilets, purified drinking water facilities, toilets and water facilities in schools etc. focusing on the upliftment of rural population.

7. Supporting special children - Chola believes that every child deserves not just good education but also they have equal access to the best play opportunities. Chola has sponsored special playground equipment, special furniture and other infrastructure for children with special needs.

8. Support towards disaster relief - With a vision to enable people 'enter a better life', Chola has always been a responsible corporate citizen supporting welfare activities and good causes and helping people grow to a healthy future by extending the support to disaster relief in Kerala and also towards COVID-19 containment.

Web link to the company's CSR policy is as follows:

https://www.cholamandalam.com/Company-policies.aspx

2) **The composition of the CSR committee:**

Mr. M.M. Murugappan, (Chairman)

Ms. Bhama Krishnamurthy, (Independent Director)

Mr. Arun Alagappan, (Managing Director)

3) **Average net profits of the company for last three financial years:**

₹ 1,44,336.67 lakhs

4) **Prescribed CSR Expenditure (two per cent of the amount):**

₹ 2,886.73 lakhs

5) **Details of CSR spend during the financial year:**

₹ in lakhs

Program	Thematic Area	State	District	Execution Partner	Amount
Scholarship Program for Art Interns	Art & Culture	Tamil Nadu	Chennai	Dakshina Chitra (Madras Craft Foundation)	15.00
Spreading awareness on culture and history of India	Art & Culture	Tamil Nadu	Chennai	Hindu Spiritual and Service Foundation	12.50
Spreading awareness in Arts & Crafts	Art & Culture	Tamil Nadu	Chennai	Kalakshetra Foundation	26.05
Program to educate young children about culture	Art & Culture	Tamil Nadu	Chennai	Little Theater	5.00
Canal De-Silting	Climate & Environment	Tamil Nadu	Tiruvallur	ETM Trust	12.92
Cauvery Calling' Conserving the River Cauvery	Climate & Environment	Karnataka & Tamil Nadu	In the riparian districts	ISHA Outreach	25.00
Innovative Sewage Treatment Plant	Climate & Environment	Tamil Nadu	Lovedale, Coonoor, Nilgiris	Lawrence Schools	25.00
Flood Disaster Relief in Kerala	Climate & Environment (Disaster Relief)	Pan Kerala	Pan Kerala	Mathrubhumi	12.50
Enumerating and spreading awareness about various bird species	Climate & Environment	Pan India	Spiti and Lakshadweep	Nature Conservation Foundation (NCF)	11.75
Renovation of Old Class Rooms in school	Education	Tamil Nadu	Vembakkam, Kanchipuram	AID India	10.00
Murugappa Polytechnic College	Education	Tamil Nadu	Chennai	AMM Foundation	107.50
Mobile Science Lab	Education	Tamil Nadu	Pudukkottai, Sivagangai	AMM Foundation	15.33
Murugappa Science Center	Education	Tamil Nadu	Chennai	AMM Foundation	25.00
Scholarships for Children of Trucking Community	Education	Rajasthan	Kishangarh	Aravali	16.99
Life Skills Training	Education	Pan India	Pan India	ICT Academy	2.70
Financial Literacy of Trucking Community	Education	Pan India	Pan India	ICT Academy	34.84
Support to girls students from slums	Education	Tamil Nadu	Shenoy Nagar Slums, Chennai	Indian Council for Child Welfare (ICCW)	5.05
Education through Art at Panchayat Union Middle Schools	Education	Tamil Nadu	Chennai	NalandaWay	15.87
Financial Literacy of Trucking Community	Education	Gujarat	Kutch	Prayas	35.00
Research Studies on Agriculture and Solar Energy	Education	Tamil Nadu	Chennai	Shri AMM Murugappa Chettiar Research Centre (MCRC)	424.00
Scholarships for Children of Trucking Community	Education	Tamil Nadu	Karur, Namakkal, Paramathi Velur, Salem & Trichy	Women's Organisation in Rural Development (WORD)	23.62
Support People with Visual Impairment (PVI) with digitally enhanced watches	Education & Disability empowerment	Tamil Nadu	Chennai	Al Lakshmi Achi Educational and Charitable Trust	0.60
CNC Tutor Machine for Students with disability	Education & Disability empowerment	Tamil Nadu	Katpadi, Vellore	Worth Trust	40.25
For other Education and Health Programs (Corpus)	Education and Health	Tamil Nadu	Across Tamil Nadu	AMM Foundation	426.83
Valliammai Achi Hospital	Health	Tamil Nadu	Kanyakumari	AMM Foundation	29.20
New Operation Theater Block at Sir Ivan Stedeford Hospital	Health	Tamil Nadu	Chennai	AMM Foundation	362.50

5) Details of CSR spend during the financial year: (Contd.)

₹ in lakhs

Program	Thematic Area	State	District	Execution Partner	Amount
Mobile Health Clinics	Health	Assam	Guwahati	AMM Foundation	33.06
Health Camps and Vision Center	Health	Rajasthan	150 Camps and one Vision Center at Kishangarh	Aravali	94.08
Raahi Vision Centers for Trucking Community	Health	Pan India	11 Centres lying on the Golden Quadrilateral	Sightsavers India	360.85
Heart Surgeries for Children of Trucking Community	Health	Pan India	Pan India	Sri Satya Sai Sanjeevani Hospital	132.00
Awareness Program on Cancer and Haemophilia	Health	Tamil Nadu	Chennai	Tiara Haemophilia and Cancer Foundation	10.00
Operation theater for Equine Hospital	Health (Animal Welfare)	Tamil Nadu	Chennai	Madras Race Club Equestrian Trust	55.00
Battery Operated Vehicle to transport Persons with Disabilities (PwDs) in the premises of NIEPMED	Health & Disability empowerment	Tamil Nadu	Chennai	United Way	24.99
COVID-19 Disease Containment (Calamity) in Tamil Nadu	Health (Disaster Relief)	Tamil Nadu	Pan Tamil Nadu	AMM Foundation	104.00
Swasthya Odisha Phase-I	Rural Development	Odisha	Angul	Women Education and Environment (WEE)	50.02
Swasthya Odisha Phase-II	Rural Development	Odisha	Cuttack	Women Education and Environment (WEE)	52.28
Training Table Tennis Players	Sports	Tamil Nadu	Chennai	A.K.G.M. Table Tennis Trust	5.00
Murugappa Youth Football Academy	Sports	Tamil Nadu	Chennai	AMM Foundation	19.95
Training Lawn Tennis Players	Sports	West Bengal	Kolkata	Enrico Piperno Tennis Trust	5.00
Training a team of women for All India Sailing Championship	Sports	Tamil Nadu	Chennai	Little Theater	5.00
Support to Tennis Players	Sports	Tamil Nadu	Chennai	Tamil Nadu Tennis Association	30.00
Training Squash Players	Sports	Tamil Nadu	Chennai	The Squash Racquet Federation of India	5.00
Swacch Odisha	WASH	Odisha	Nuapada	Regional Center for Development Cooperation (RCDC)	56.50
Swaccha Telangana–Phase II	WASH	Telangana	Adilabad	Bala Vikasa Social Service Society	47.37
Administrative Expenses					77.33
TOTAL					**2,888.43**

a. Total amount to be spent for the financial year: ₹ 2,886.73 lakhs

b. Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year is detailed below:

(1) SN.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or program (1) Local area or other (2) Specify the State and district where projects or program were undertaken	(5) Amount outlay (budget) projects or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct (D) or through implementing agency (IA)
					₹ in lakhs		
1	Scholarship Program for Art Interns	Art & Culture	Chennai	15.00	15.00	15.00	IA
2	Spreading awareness on culture and history of India	Art & Culture	Chennai	12.50	12.50	12.50	IA

c. Manner in which the amount spent during the financial year is detailed below: (Contd.)

(1) SN.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or program (1) Local area or other (2) Specify the State and district where projects or program were undertaken	(5) Amount outlay (budget) projects or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct (D) or through implementing agency (IA)
					₹ in lakhs		
3	Spreading awareness in Arts & Crafts	Art & Culture	Chennai	26.05	26.05	26.05	IA
4	Program to educate young children about culture	Art & Culture	Chennai	5.00	5.00	5.00	IA
5	Canal De-Silting	Climate & Environment	Tiruvallur	12.92	12.92	12.92	IA
6	Cauvery calling conserving the River Cauvery	Climate & Environment	In the Riparian districts	25.00	25.00	25.00	IA
7	Innovative Sewage Treatment Plant	Climate & Environment	Lovedale, Coonoor, Nilgiris	25.00	25.00	25.00	IA
8	Flood Disaster Relief in Kerala	Climate & Environment (Disaster Relief)	Pan Kerala	12.50	12.50	12.50	IA
9	Enumerating and spreading awareness about various bird species	Climate & Environment	Spiti and Lakshadweep	11.75	11.75	11.75	IA
10	Renovation of Old Class Rooms in school	Education	Vembakkam, Kanchipuram	10.00	10.00	10.00	IA
11	Murugappa Polytechnic College	Education	Chennai	107.50	107.50	107.50	Group Foundation
12	Mobile Science Lab	Education	Pudukkottai, Sivagangai	15.33	15.33	15.33	Group Foundation
13	Murugappa Science Center	Education	Chennai	25.00	25.00	25.00	Group Foundation
14	Scholarships for Children of Trucking Community	Education	Kishangarh	16.99	16.99	16.99	IA
15	Life Skills Training	Education	Pan India	2.70	2.70	2.70	IA
16	Financial Literacy of Trucking Community	Education	Pan India	34.84	34.84	34.84	IA
17	Support to girls students from slums	Education	Shenoy Nagar Slums, Chennai	5.05	5.05	5.05	IA
18	Education through Art at Panchayat Union Middle Schools	Education	Chennai	15.87	15.87	15.87	IA
19	Financial Literacy of Trucking Community	Education	Kutch	35.00	35.00	35.00	IA
20	Research Studies on Agriculture and Solar Energy	Education	Chennai	424.00	424.00	424.00	Group Foundation
21	Scholarships for Children of Trucking Community	Education	Karur, Namakkal,	23.62	23.62	23.62	IA
22	Support People with Visual Impairment (PVI) with digitally enhanced watches	Education & Disability empowerment	Chennai	0.60	0.60	0.60	IA
23	CNC Tutor Machine for Students with disability	Education & Disability empowerment	Katpadi, Vellore	40.25	40.25	40.25	IA
24	For other Education and Health Programs (Corpus)	Education and Health	Across Tamil Nadu	426.83	426.83	426.83	Group Foundation
25	Valliammai Achi Hospital	Health	Kanyakumari	29.20	29.20	29.20	Group Foundation
26	New Operation Theater Block at Sir Ivan Stedeford Hospital	Health	Chennai	362.50	362.50	362.50	Group Foundation
27	Mobile Health Clinics	Health	Guwahati	33.06	33.06	33.06	Group Foundation

c. **Manner in which the amount spent during the financial year is detailed below:** (Contd.)

(1) SN.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or program (1) Local area or other (2) Specify the State and district where projects	(5) Amount outlay (budget) projects or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct (D) or through implementing agency (IA)
					₹ in lakhs		
28	Health Camps and Vision Center	Health	150 Camps and one Vision Center at Kishangarh	94.08	94.08	94.08	IA
29	Raahi Vision Centers for Trucking Community	Health	11 Centres lying on the Golden Quadrilateral	360.85	360.85	360.85	IA
30	Heart Surgeries for Children of Trucking Community	Health	Pan India	132.00	132.00	132.00	IA
31	Awareness Program on Cancer and Haemophilia	Health	Chennai	10.00	10.00	10.00	IA
32	Operation theater for Equine Hospital	Health (Animal Welfare)	Chennai	55.00	55.00	55.00	IA
33	Battery Operated Vehicle to transport Persons with Disabilities (PwDs) in the premises of NIEPMED	Health & Disability empowerment	Chennai	24.99	24.99	24.99	IA
34	COVID-19 Disease Containment (Calamity) in Tamil Nadu	Health (Disaster Relief)	Pan Tamil Nadu	104.00	104.00	104.00	Group Foundation
35	Swasthya Odisha Phase-I	Rural Development	Angul	50.02	50.02	50.02	IA
36	Swasthya Odisha Phase-II	Rural Development	Cuttack	52.28	52.28	52.28	IA
37	Training Table Tennis Players	Sports	Chennai	5.00	5.00	5.00	IA
38	Murugappa Youth Football Academy	Sports	Chennai	19.95	19.95	19.95	Group Foundation
39	Training of Lawn Tennis for Olympics	Sports	Kolkata	5.00	5.00	5.00	IA
40	Training a team of women for All India Sailing Championship	Sports	Chennai	5.00	5.00	5.00	IA
41	Supporting Tennis Players for Olympics	Sports	Chennai	30.00	30.00	30.00	IA
42	Training Squash Players	Sports	Chennai	5.00	5.00	5.00	IA
43	Swacch Odisha	WASH	Nuapada	56.50	56.50	56.50	IA
44	Swaccha Telangana – Phase II	WASH	Adilabad	47.37	47.37	47.37	IA
45	Administrative Expenses			77.33	77.33	77.33	D
	TOTAL			**2,888.43**	**2,888.43**	**2,888.43**	

6) **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report:**

Not applicable

7) **A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

The CSR committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the company.

On behalf of the board

Place : Chennai
Date : June 3, 2020

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman - CSR Committee

Annexure-IV

Information under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the board's report for the year ended 31 March, 2020

Nature of Disclosure	Particulars		
a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	**Name of the Director / Designation**	**% increase of Remuneration in 2020 as compared to 2019#**	**Ratio of Remuneration to Median Remuneration of employees**
	Non-Executive Directors		
	Mr. M.M. Murugappan, Non-executive Director / Chairman	33.33	1.64:1
	Mr. Ashok Kumar Barat, Non-executive / Independent Director	33.33	1.64:1
	Mr. N. Ramesh Rajan, Non-executive / Independent Director	60.00	1.97:1
	Mr. Rohan Verma, Non-executive / Independent Director	33.33	1.64:1
	Ms. Bhama Krishnamurthy, Non-executive / Independent Director (Since 31 July, 2019)	NA	NA
	Ms. Bharati Rao, Non-executive / Independent Director (Up to 30 July, 2019)	33.33	1.64:1
	Executive Directors		
	Mr. Arun Alagappan, Managing Director	6.42%	62.79:1
	Mr. Ravindra Kumar Kundu, Executive Director (Since 23 January, 2020)	NA	6.10:1
b) Percentage increase in remuneration of Chief Financial Officer and Company Secretary in the financial year	**Name of the KMP / Designation**	**% increase in remuneration in 2020 as compared to 2019**	
	Mr. D. Arul Selvan, Chief Financial Officer	14.30%	
	Ms. P. Sujatha, Company Secretary	6.64%	
c) Percentage increase in median remuneration of employees in the financial year	16% increase in median remuneration		

Nature of Disclosure	Particulars		
d) Number of permanent employees on the rolls of company (as of 31 March, 2020)	7,873		
e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	For employees other than managerial personnel who were in employment for the whole of FY 19 and FY 20, the average increase is 10.41%. The average increase for managerial personnel is 9.12%.		
f) Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is in line with the remuneration policy of the company.		

Note:

Commission/Remuneration figures have been annualised.

On behalf of the board

Place : Chennai
Date : June 3, 2020

M.M. Murugappan
Chairman

Management Discussion and Analysis

MACROECONOMIC OVERVIEW

The financial year 2019-20 began with the Lok Sabha elections in April – May and the newly formed government took a strong stance on economic development, with the aspiration to reach a $5 trillion economy by 2024. The Economic Survey published in July 2019 with the theme of wealth creation, pro-business policies and corporate tax rate cuts of September 2019 were in line with the aspirations. At the end of August 2019, the ministry of finance announced that 10 Public Sector Banks were to be merged into 4. Meanwhile, RBI systematically reduced the repo policy rates over the course of the year, from 6.25% at the end of FY 19 to 4.40% at the end of FY 20.

Despite these interventions, FY 20 showed a slowdown in growth from the previous year. Implied real GDP growth was estimated at 5%, down from FY 19 figure of 6.1%. 2019-20 was also negative for the automobile industry, with sales down in passenger vehicle by 16%, commercial vehicles by 29% and two wheelers by 18%. Similarly, Global economic activity was also consistently slow paced and followed a downward trajectory: year over year real GDP growth was recorded at 2.9% as of Q3 2019 compared to 3.6% in the previous year.

The outbreak of the COVID-19 pandemic in January, 2020 brought the global economy to almost a standstill, with a high possibility of slipping into a recession. Several industries starting with travel, tourism and hospitality were immediately hit, with manufacturing and services following soon afterwards. Crude oil prices plummeted, and from January, 2020 panic sell-off resulted in wealth destruction in equity markets across advanced and emerging economies alike.

In India, the government announced a nationwide lockdown from March 24, 2020 in an effort to contain the spread of the disease, which led to unprecedented economic shock. The lockdown has resulted in a liquidity crunch, followed by a labor shortage. RBI announced three months moratorium for loans and extended it by another three months from March 2020 till August 2020 to alleviate some of the financial burden on the public.

Outlook for the current financial year continues to remain uncertain, with the COVID-19 situation evolving each day. Apart from agriculture and related activities, most other sectors of the economy have been adversely impacted by the pandemic and are expected to show de-growth. India's GDP growth for FY 21 is now projected to reduce significantly as compared to pre-COVID projections of around 5%. If COVID-19 is prolonged and supply chain disruptions get accentuated, the global slowdown could deepen, with adverse implications for India. The fall of international crude prices could, however, provide some relief in the form of trade gains. In addition, the government and RBI have been taking steps to mitigate the economic impact of the pandemic through stimulus packages, cuts to repo and reverse repo rates, liquidity infusion through Targeted Long Term Repo Operations (TLTROs), and loosened the liquidity criteria for banks and NBFCs.

INDUSTRY GROWTH PROSPECTS

AUTO INDUSTRY

The domestic commercial vehicle industry was faced with the impact of multiple headwinds in FY 20 like reduced freight demand due to the revised axle load norms, lesser market load availability due to lower GDP growth, dampened BS VI pre buying in Q4 and the COVID-19 impact which led to full lockdown from 24 March, 2020. The commercial vehicle industry closed FY 20 with a 29% degrowth which is the steepest degrowth in more than 15 years with medium and heavy commercial vehicle (MHCV's) contributing to 47% degrowth followed by light commercial vehicle (LCV's) at 21% degrowth and buses with 7% degrowth. Domestic commercial vehicle sales is expected to fall by 20% - 25% in FY 21 considering the macroeconomic challenges posed by the pandemic outbreak. The extent of recovery in construction, manufacturing, industrial output and consumption demand are key factors to watch out for a quicker recovery in FY 21. MHCV (Truck) sales are expected to close FY 21 with further decline of 12-14%. Despite the expectation of uptick in rural demand due to good rabi output, the outbreak of COVID-19 has led to restricted movement of goods and lesser demand for consumption goods. Due to these factors, the LCV (Truck) segment is expected to contract further by 7-9% during FY 21. The passenger carrier segment (buses) would also continue to face challenges due to curbs in operation of schools, colleges and offices due to the pandemic, leading to a 8-10% contraction during FY 21. Any prolonged disruptions and delay in recovery of macro-economic factors will further dampen the recovery in FY 21. However, used commercial vehicle sales is likely to be less impacted in FY 21 considering lower market prices, BS VI transitioning and extended time gap in regularization of the new vehicle supply chain.

Domestic car and utility vehicle industry has witnessed two consecutive years of decline first time in a decade with a degrowth of 18% in FY 20 which were majorly due to muted consumer sentiments and higher cost of ownership by way of increased fuel prices, higher insurance outflow and higher interest rates. Car and utility vehicles might see significant drop in H1 of FY 21 considering reduced discretionary purchases due to the COVID-19 which has impacted individual income growth. However, repulsion to public transport is expected to drive some demand in the small passenger vehicle space post ease of lockdown but the overall outlook for car and utility vehicle is trending towards a degrowth of 20-24% in FY 21.

Tractor industry had a de-growth of 10% in FY 20 due to weak farm sentiments in the first half of the year along with erratic rainfall and onslaught of COVID-19 during March, 2020. A faster recovery of the rural sector which has been mostly insulated from the impact of COVID-19 together with a good rabi harvest, normal monsoon, government support through farm subsidies and direct income support to farmers will aid the tractor demand in H2 FY 21. Clearing supply chain bottlenecks and availability of labor for Original Equipment Manufacturers (OEMs) is key to ensure supply post lockdown. Tractor sales is expected to degrow in FY 21 by 5-10% based on current trends. Government's thrust towards doubling farm income is expected to drive long term growth in this segment.

Two-wheeler industry had a degrowth of 18% in FY 20 due to weak consumer sentiment, subdued rural demand and increase in cost of ownership. The industry is staring at another year of degrowth due to the impact of COVID-19 which has impacted income of individuals leading to lesser discretionary spends. However, expectation of better Kharif prospects and normal rainfall shall help the demand from rural areas which is expected to be higher when compared to urban areas.

HOME EQUITY

The COVID-19 pandemic and the resultant lockdown is likely to impact MSME credit growth majorly during first half of FY 21. However, the initiatives taken by Government and RBI towards allowing for moratorium on payment of instalments, priority sector lending, credit guarantee scheme and clearance of past payable dues to MSMEs are expected to help the sector recover. Despite these measures, the COVID related impact is expected to affect the business continuity of a significant share of MSMEs in the country.

As far as the lending institutions to the MSMEs are concerned, assets with lower ticket sizes and loans against Self-Occupied Residential Properties (SORP) are expected to have lesser stress on their portfolio. Cashflow impact is likely to remain in the short term even after the lockdown eases, due to supply chain disruptions and counterparty debtor risk across the value chain. Asset quality concerns are expected to pose challenge over the next one year. Property prices may face downward revision in the short term, however lenders with optimal Loan-to-Value (LTV) ratio in their portfolio are expected to wear out this challenge sooner than others.

HOME LOANS

The Indian Housing Finance market is estimated about ₹ 21 lakh crore and grew at around 10-14% in FY 20. ₹ 3 lakh crore of the housing finance market comprises Low Cost Housing Finance. 70% of the Low Cost Housing market is located in Tier II, III , IV cities. The growth in the affordable housing finance segment continued to out-pace the housing sector and is estimated between 15-20%. The disbursements for the year were also impacted by the COVID-19 related lockdown in March 2020.

The asset quality in the sector deteriorated largely due to stress in the construction finance portfolio which faced liquidity issues, delays in completion of projects, stress on incomes due to economic slowdown and COVID epidemic. Financiers with lower exposure to construction finance and under-construction risk with sufficient liquidity are better placed to navigate the current market and emerge stronger. Analysts expect the affordable housing demand to continue to outpace the overall housing sector in FY 21.

Regulatory and Fiscal Environment remains conducive for the demand in affordable housing segment. The national mission of 'Housing for All by 2022', the PMAY (Pradhan Mantri Awas Yojana) - CLSS (Credit Linked Subsidy Scheme), implementation of Real Estate Regulatory Authority (RERA), higher tax benefits for affordable housing were in line with the aspirations of the government to support this segment.

BUSINESS ANALYSIS

VEHICLE FINANCE

The Vehicle Finance (VF) disbursements during the year were ₹ 23,387 crores as against ₹ 24,983 crores in the previous year with a marginal de-growth of 6% which was directly attributable to the drop in Industry volumes especially commercial vehicles. The VF division was able to grow in segments like car, MUV (Multi Utility Vehicle), tractor, two wheeler and used vehicles business over last year. The PBT during the year was ₹ 945 crores as against ₹ 1,269 crores in the previous year. The drop in PBT is on account of additional provisions made for bracing the COVID-19 impact and its aftermath. The VF division continued its focus on maintaining asset quality through an aggressive collection strategy, which helped in restricting gross stage 3 assets to 2.91% inspite of being a very challenging year due to a stressed macro-economic environment which had impacted customer cash flows coupled with the COVID-19 impact in the month of March, 2020.

The VF division has more than 80% of branches in the rural areas, towns and semi urban areas which gives a clear advantage to capitalise the rebound in rural demand post lockdown in terms of tractor, two-wheeler business. Any uptick in the demand for small commercial vehicle, three-wheeler and light commercial vehicle will help the business in garnering greater market share due to its presence in rural areas. The business car and MUV ticket sizes are smaller and any first shoots of demand in the small passenger vehicle segment will be to its advantage in terms of financing. Chola is one of the largest player in the used vehicle financing business with a disbursement mix of almost 30% in this segment which will enable the business to cater to this segment effectively and generate disbursement volumes where customer preferences might shift to used vehicles for benefits of price and supply.

The business has enhanced support for digital connectivity and focus on productivity while working remotely, a host of cybersecurity initiatives have been implemented to ensure uninterrupted operations during COVID-19 lockdown. The business continues to capitalize on its people, process and technological capabilities to maximize returns on assets (ROA). Industry leading domain and strategy consulting firms have been engaged to create a highly productive workforce leveraging digital credit underwriting, cost effective collections processes, and digital backend operations. The company has designed a multi-pronged long-term strategy to minimize the cost of operations, credit losses and maximize ROA and customer experience. Operating model enhancements have been prioritized and are being implemented for re-imagination of existing processes, to augment sales, drive operating efficiencies, reduce costs, and balance credit risk through better pricing. The business will continue to expand and strengthen its existing relationships with customers, manufacturers, brokers and dealers, utilizing new tools and platforms such as Gaadi Bazaar with the objective of best price discovery for used vehicles through a seamless sale-purchase process, create and grow a customer, dealer/broker base by ensuring higher stickiness.

The business has implemented a bunch of steps to shift more customers towards alternate modes of collections through digital payment links, collection through local Kirana stores, creating customer awareness for making online payments through RTGS, NEFT transfers, PayTM etc. This will help the company in the new normal way of business where there might be restricted mobility in most places on account of the pandemic.

The business has a branch network of 1,091 branches which will support in growing market share across product segments through enhanced dealer coverage. These branches will also help in acquiring new customers and creates a closer proximity with customers helping in collection efficiency improvement and increasing repeat business. The business has a robust collection mechanism in place aided with a strong credit risk assessment framework which will help in steering through the strong currents of the COVID-19 pandemic in the fiscal of FY 21.

HOME EQUITY

The business continues to focus on a systematic approach to build a healthy portfolio mix, with more than 80% of the portfolio as SORP and an average loan ticket size of less than ₹ 50 lakhs. Portfolio LTV ratio at origination is consciously maintained around 50% levels which provides adequate security cover to the business. Amidst challenging macro-economic situation, AUM for Home Equity business managed to grow by 11% to ₹ 12,960 crores in FY 20 compared to ₹ 11,626 crores in FY 19. Disbursements recorded year-on-year (Y-o-Y) growth of 10% for YTD Q3 FY 20. However, with the onset of COVID-19 pandemic and lockdown during Q4 FY 20, the business faced 5% decline in disbursements to reach ₹ 3,662 crores for full year FY 20 compared to ₹ 3,837 crores in FY 19.

Focus has been on digitizing the loan journey in order to improve overall customer experience and to cut down loan processing turnaround time. In line with the objective, the business has reimagined its entire loan processing journey, starting from customer onboarding, KYC verification, credit analysis till disbursement. This reimagination has resulted in the development and implementation of a new loan origination system which is expected to help digitize the loan journey and support the business to make better and faster underwriting decisions. The business has developed an early warning system to predict defaults, which would strengthen collection efforts and make data driven decisions, along with a fully functional call center dedicated to collections. Online payment modes for collections have been enhanced to provide customers support with multiple payment options.

With an aim to improve process efficiency, the business has initiated a productivity drive during the year for multiple workstreams across frontline sales and credit functions. The business is also in the process of strengthening training capabilities to upskill sales teams, and in parallel have structured performance improvement programs to improve the productivity of field teams. The business has also strengthened its alternate channels platform to expand the sourcing spectrum. A dedicated call center has been set up to increase engagement with the alternate channel partners and their sourced leads.

In order to improve the accessibility to customers, the business has expanded its branch network pan India, with focus on Tier II, III and IV cities. Majority of these branches are co-located/ shared with other business verticals, which will help in optimising for the branch operating costs.

HOME LOANS

As of March 31, 2020, the Home Loans (HL) business had 24,000 live accounts (68% growth Y-o-Y) with an AUM of ₹ 3,125 crores (63% growth Y-o-Y). 90% of this portfolio is Tier II, III, IV cities and towns. The disbursements grew 30% Y-o-Y in FY 20 from ₹ 1,157 crores in FY 19 to ₹ 1,505 crores in FY 20.

99% of the portfolio comprises HL and is focused to be end-use driven. The target group remains the Middle-Income Group (MIG) customer. The average ticket size is ₹ 15 lakhs with an average LTV of 60% which reflects the quality of houses and marketability. 95% of the portfolio comprises business owners with semi-formal income and significant business vintage buying their first home. 30% of customers are first time borrowers. The HL business has built on Chola's inherent strength in lending to the lower middle income (LMI) segment with a customized eligibility program for business owners and salaried customers.

Chola offers loans for self-construction, purchase of resale flats/ independent houses, purchase of new flats/independent houses, balance transfer from other financiers, top-up loans for existing customers. Self-construction remains a strong focus of the company with significant proportion of the portfolio and fresh disbursements sourced from this segment. The business has no construction finance exposure. The business does not have material under-construction exposure to developer supplied houses.

Chola enjoys a significant presence in the Tier II, III, IV towns and cities. The business has a 5,000+ connector network that facilitates passing on leads and a 500+ direct sales team (feet on street) members to source and offer doorstep delivery to the customer. Given that these customers are mostly first-time buyers the direct sales team guides and facilitates the customer through the entire purchase process.

PMAY – CLSS

Chola is a recognized primary lending institution (PLI) of HUDCO and has actively participated in facilitating customers to avail the CLSS subsidy. The business actively reaches out to customers and explain the benefits of the scheme. The form is auto-generated through the digital on-boarding system to avoid minimal chances of rejection. HUDCO's recognition of the business' outstanding contribution in this regard in May, 2018 has encouraged the business to strive for greater heights.

DIGITAL JOURNEY

HL business is built on a solid foundation of a future-proof digital stack. The customer journey from lead aggregation, on-boarding, online KYC validation, bank statement analysis and credit scoring models have been automated. The business continues to integrate latest developments in the fintech space through Application Program Interfaces (APIs) to make the system more robust, customer friendly and efficient. Given the environment post COVID-19, the business is working on delivering better direct to customer experience and self-service platforms that would enable a smooth contact-less, safe experience for customers and employees.

ASSET LIABILITY MANAGEMENT

FY 20 was a year punctuated with volatile money market conditions. Inspite of the tight liquidity position, the company was successful in ensuring optimum Asset Liability Management (ALM) with reasonable cost of funds. The company had maintained a high level of liquid assets ensuring that there are no negative mismatches in any of the time buckets in its structural liquidity statement and ensured the company was insulated from the vagaries of the money market.

The company continued to place reliance on long term bank borrowings, reducing its exposure to market borrowings, as the tight liquidity conditions prevailing in the money market was not conducive for borrowings through non-convertible debentures (NCDs). The company was successful in getting higher volumes of bank term loans at competitive rates and maintained a healthy ALM position throughout this period.

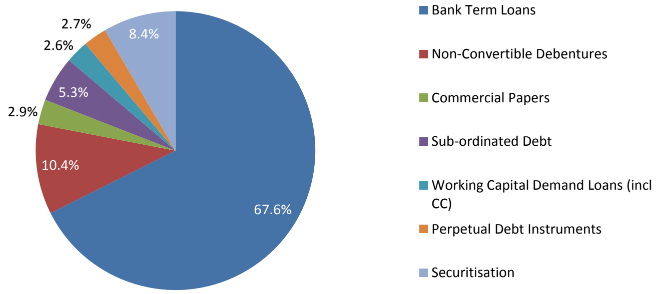
During the year, the company raised a large tranche of ECB loan at competitive rates, on a fully hedged basis. Also the company made a maiden issue of 10 year masala bonds raising unsecured Tier II subordinated bonds in INR terms at competitive rates.

The company also leveraged the demand for priority sector assets and increased its securitization and direct assignment deals considerably, which also contributed to having a completely matched inflow and outflow of funds apart from the significant lower interest rates.

The equity capital infusion, raising of ECB loans and 10 year masala bonds, sale of assets by way of securitization / direct assignment, and large scale medium term bank borrowings contributed to a healthy ALM through the year and for the near future.

RESOURCES & TREASURY

During the year, the company raised funds from multilateral institutions/ banks and from money markets to support the growth of its businesses at competitive interest rates without compromising the right mix of long and short-term borrowings and thereby maintaining a healthy asset liability position. The borrowing profile as on 31 March, 2020, is given below:



BANK BORROWING

In FY 20, the company mobilised ₹ 15,600 crores of medium-term loans and ₹ 1,450 crores (net) as working capital / cash credit / short term loan facilities from banks. The company continued getting support for its money market issuances from banks through subscription of commercial papers (CPs) and NCDs. During Q1, the company successfully raised US$ 272 million by way of ECB loans, at competitive rates on fully hedged basis. This was syndicated by International Finance Corporation (IFC), which saw participation from various banks apart from IFC. The strength of the company's banking relationship ensured that the best available opportunities to borrow from banks flowed steadily and this helped to maintain liquidity and manage borrowing costs, inspite of recurring negative news around NBFC / HFC sector during FY 20.

MARKET BORROWING

During FY 20, the company raised ₹ 18,510 crores* and repaid ₹ 16,885 crores* of CPs. CP outstanding as at the end of the year was ₹ 1,625 crores. Medium and long-term secured NCDs to the tune of ₹ 895 crores were mobilised at competitive rates. At the end of FY 20, outstanding NCD stood at ₹ 5,359 crores.

New investor profiles were added to ensure no undue concentration in any single/group of investors.

During the year, the company raised its maiden unlisted, unrated, 10-year, Tier II rupee denominated bonds (commonly known as masala bonds) in the offshore market with CDC Group PLC for a total of ₹ 400 crores.

Including the above, the Tier II borrowings during the year constituted ₹ 450 crores and as at the end of FY 20, stood at ₹ 4,263 crores.

(*gross borrowings)

MOVEMENT IN INTEREST COST

The company's funding strategy is to minimize interest cost as a percentage of average borrowings, without compromising on the ALM requirements. Despite incremental long-term bank borrowings being used to substitute long term market borrowings, the borrowing costs were maintained at FY 19 levels. The cost of funds was higher in the initial months of FY 20, but progressive rate resets of bank borrowings helped it to be lowered significantly in Q4. The benefit of this lower rate is expected to accrue in FY 21 to a large extent.

CAPITAL ADEQUACY RATIO (CAR)

As at the end of FY 20, the capital adequacy ratio stood at 20.7% (Tier I: 15.3% and Tier II: 5.4%).

INVESTMENTS

The company's investments of ₹ 72.92 crores include investments in subsidiaries of ₹ 72.90 crores and investments in equity shares of ₹ 0.02 crores (net of provisions).

FINANCIAL REVIEW

The company's aggregate disbursements declined by 4% from ₹ 30,451 crores in FY 19 to ₹ 29,091 crores in FY 20. The AUM for the company grew by 16% (YoY) and the growth of on-balance sheet assets was 11%. The business AUM (including on book and assigned net of provisions) in FY 20 grew by 12% stood at ₹ 60,549 crores as against ₹ 54,279 crores recorded in FY 19.

Asset quality as on March, 2020 stage 3 assets had stood at 3.8% with adequate provision coverage 41.5% ECL provision, as against 2.7% of last FY with provision coverage of 38%. Stage 3 provisions for March, 2020 include additional provisions towards macro factors for ₹ 225 crores.

Profit after tax (PAT) for the year ended March, 2020 were at ₹ 1,052 crores after creation of one time provision of ₹ 504 crores (net of tax - ₹ 335 crores) towards COVID-19 contingencies and the macro factors (one time provision). On a comparable basis, PAT for the year ended March, 2020 were at ₹ 1,387 crores before considering one time provision, as against PAT of ₹ 1,186 crores last year, registering a growth of 17%.

Comparable PBT-ROTA for FY 20 before adjusting one-time COVID and macro provisions was at 3.5% for the year as against 3.7% in FY 19.

HUMAN RESOURCES (HR)

In order to enable Business, achieve the plan for the year, the key focus areas for the HR function during the past year were:

1) Resourcing & Talent planning strategies
2) Retaining critical talent
3) Building capabilities across the organization
4) Enhancing employee experience through collaborative digitized tools
5) Employee Health & Safety

Resourcing & Talent Planning:

FY 20 recorded a 13% growth in Overall headcount of Chola. 1,966 resources were hired in FY 20. 1,418 in management grade and 548 in supervisory grade. Employee referral, referral through market, walk-ins were the top 3 pools of sourcing. Online psychometric assessment to evaluate candidate capabilities were mainstreamed across hiring requirements in the year gone by.

The company has continued with its program for management trainees in FY 20. The trainees underwent a focused induction program, followed by a year-long orientation plan. As a part of the orientation plan, trainees underwent on-the-job training, classroom training and mentoring sessions by leadership.

A structured Performance Improvement Plan (PIP) was institutionalized in the year gone by. Plan was devised at employee level to augment their productivity, coaching clinics focused to address gaps are organized, additional products and channels were allocated and periodic performance evaluation and feedback counselling is provided by the assigned mentor.

Retaining critical talent under "Project - Udaan":

The program offers employees an opportunity to fast track their career. Any front-line field employee who has been in the system for a year and has consistently performed above the average productivity benchmark for a period of 6 months shall qualify under Udaan Program. The initiative is aimed at creating a strong talent pipeline and help retain high performers.

Building capabilities across the organization:

Technology solutions paved the way for major shift in the delivery of the programs and reaching out to wider audience. Alt Learning was piloted and launched in November 2019. Leveraging the availability of digitized content for all product and process training, this platform gained traction quickly.

With primary focus on providing learning solutions to business, some of the new learning initiatives launched for the year gone by included gamification-based learning, behavioral training programs, experiential training interventions, focused workshops and ISO and lead auditor programs.

Enhancing employee experience through collaborative digitized tools:

With the objective of creating an agile organization and to enhance employee experience by providing collaborative tools, a new Human Resource Management System (HRMS) suite Chola Connect was launched in partnership with People Strong. A robust mechanism was put in place to run the modules, test and finalize the workflows.

There was a renewed focus in FY 20 on strengthening the employee feedback mechanism through technological interventions. Employee opinion polls were widely used to gauge the pulse of employees and modify the offering based on the feedback. Open house interaction with leadership team at zone level and with top management team at HO level were conducted. An online platform to reward and recognise employees was launched.

Employee Health & Safety

Employee Health & Safety continues to be prime focus in Chola. Some of the interventions that were rolled out during FY 20 include initiatives to reduce road accidents - recognized accident free regions, categorized regions based on the number of accidents and initiated corrective steps in regions with high accident ratios, created a health & safety module as part of the standard employee induction, launched an exclusive employee wellness program to support health and wellbeing of employees, created safety head hub within the HR organization.

Awards Received:

- Awarded as winner in the Employee Relations & Employee Engagement category (Large Service Industry) at the CII National HR Circle Competition.
- Chola won the second place for Digitization in L&D- HR at the CII National HR Circle Competition 2019.

TECHNOLOGY INITIATIVES

The strategic focus for the digital technology team is to drive the transformation of Chola to an agile and data-driven financial services organization.

Continuing on the effort that started with the revamp of the technology platform for the HL business, the current period extended and completed the digital transformation for the HE business. The objective to minimize / eliminate manual touchpoints was a clear objective along with better user experience, improved accuracy / quality of data being captured, and ultimately greater customer satisfaction. This has been developed in partnership with technology partners and Application Programme Interface (API) service providers who help with person – identity / KYC, contact detail validation etc., financial – financial statement analysis and validation etc., and transactional – bank accounts, wallets etc. aspects of the customer journey digitization.

The customers have options to interact with the company through multiple technology-enabled channels irrespective of their stage of lifecycle with the organization. Bot-enabled platform enables them to share a lead, submit a quick loan application, raise a service request, or even request for a loan moratorium. Along with augmentation of the loan originations and loan management applications, these channels are also integrated with the lead management and customer service platform to ensure appropriate follow-up and resolution of the requests. The company has also extended its lead management solution as a layer of integration with its partners like vehicle manufacturers for seamless lead sharing, in-principle approval, and lead progress update. This initiative makes it a seamless experience for customers on the back of a strong system to system integration. As an on-going effort, the company continually reviews the human activity across operations and deploys automation tools to increase the digitization index. This is reflected in the outcome across a few critical initiatives including, digital integration with external partners, automation of payout calculation & reconciliation and rule-based generation of compliance reports.

A key aspect of transitioning to a data-driven enterprise is the company's Digital Data Center (DDC) initiative. The DDC has been built to be a scalable platform to handle vast volumes of data from conventional transactional systems as well as non-conventional sources. The DDC also provides stakeholders a clear view of key business metrics across input and output parameters, operational measures of the business processes, and quicker ability to identify trends for corresponding action based on alerts and forecasts. A larger goal of the initiative is to drive democratisation of data within the organization by enabling teams with requisite access to build their own models, analysis, and reports. The new HRMS system along with newly deployed audit and risk management solutions digitally enable audit and risk functions to be integrated with the data repository in the DDC. This helps the DDC to provide a complete view of the enterprise across business products and other support functions.

The company continually reviews and augments its controls related to different aspects of technology risk – data, applications, infrastructure, network, and people. Along with the Learning & Development team, the company also focus on augmenting skills and capability of the technology team in a new world where cyber-security, data & analytics, cloud & cloud-native solutions, and enterprise technology strategy are key levers to drive transformation, in tandem with an agile culture.

RISK MANAGEMENT

In its pursuit of creating value for stakeholders through sustainable business growth Chola has put in place a robust risk management framework to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. Given the nature of the business the company is engaged in, the risk framework recognizes that there is uncertainty in creating and sustaining such value as well as in identifying opportunities. Risk management is therefore made an integral part of the company's operations.

Risk Management Framework: Company's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

Company's risk management division works as a value center by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The company has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola composite risk index, measures the movement of top critical risks. This provides the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified key risk indicators and are aligned to the overall company's risk appetite framework approved by the board. The company's risk management initiatives and risk MIS are reviewed monthly by the top management. This process enables the company to reassess the top critical risks in a changing environment that need to be focused on.

Risk Governance structure:

The company's overall risk governance is handled by three lines of defense to ensure the effectiveness of an organization's risk management framework including monitoring and assurance functions within the organization.

a) Under the first line of defence, risk champions are identified in each functional and business unit to take ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

b) The risk management team under the guidance of the risk management committee acts as the second line of defense. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the company about risk management. The RMC of the board meets minimum of four times a year and reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan.

c) Third line of defense constitutes internal auditors, internal external auditors and statutory auditors provide assurance to the audit committee and senior management on the effectiveness of internal governance and risk processes.

CREDIT RISK

Credit risk arises when a borrower is unable to meet his financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in his future earning potential. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the company's lending is covered by adequate collaterals from the borrowers. The company has a robust online application underwriting model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business. The company also has a well-developed model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

MARKET RISK

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the company's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee. In addition, the company has put in an ALM support group which meets frequently to review the liquidity position of the company.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure. The company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the company's readiness. The company is continuously engaged in creating risk awareness and culture across the organisation through training on risk management tools and communication through risk e-newsletters.

INTERNAL CONTROL SYSTEMS

An internal control framework, including internal financial controls, encompassing clear delegation of authority and standard operating procedures, are available across all businesses and functions. Clear segregation of duties exists between various functions. Key operational processes (finance and operations) are centralised at head office for better control. The company has instituted a strong IT security system to ensure information security. All policies are reviewed and approved by the board on a periodic basis.

The company adopts a co-sourced model of internal audit. M/s. Deloitte Haskins & Sells LLP - internal auditors provide an independent perspective on internal control systems. Further, the in-house internal audit department executes a rigorous audit calendar spanning multiple business processes. The audit teams conduct an independent review of the design and operating effectiveness of internal financial controls established by the management and recommends improvements. Critical audit observations are shared with the audit committee on a quarterly basis to effectively monitor controls and implement recommendations.

On compliance, a methodical system of monthly self-assessment exists in all functions. A robust mechanism is in place to control, detect and prevent fraud. The investigations are reviewed by a disciplinary committee comprising senior management members and chaired by the managing director.

The internal financial control systems are constantly monitored both by an in-house team as well as the external internal auditors. The risk and control matrices are reviewed by the internal audit team on a quarterly basis, control measures are tested and results are communicated to the audit committee. These measures have helped in ensuring the adequacy and operating effectiveness of internal financial controls.

The statutory auditors of the company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March, 2020.

RESULT OF OPERATIONS

The company's balance sheet size has steadily grown, compared to the previous year. A summarised version of the same is given below:

₹ in crores

Particulars	March 2020	March 2019	Growth %
Assets			
Business Assets	55,403	52,622	5%
Cash & Bank Balances	6,959	3,675	89%
Other Assets	1,631	1,129	44%
TOTAL	**63,993**	**57,426**	**11%**
Liabilities			
Net worth	8,172	6,176	32%
Borrowings	50,374	45,074	12%
Securitisation	4,631	5,493	(16%)
Other Liabilities	816	683	19%
TOTAL	**63,993**	**57,426**	**11%**

STATEMENT OF PROFIT & LOSS

₹ in crores

Particulars	March 2020	March 2019	Growth %
Disbursements	**29,091.17**	**30,450.95**	**(4%)**
Income	8,652.89	6,992.64	24%
Cost of Funds	(4,592.23)	(3,588.74)	(28%)
Net Margin	**4,060.66**	**3,403.90**	**19%**
Operating Expenses	(1,577.60)	(1,269.55)	(24%)
Provisions and Losses	(897.33)	(311.20)	(188%)
Profit Before Tax (PBT)	**1,585.73**	**1,823.15**	**(13%)**
Current and Deferred Tax	(533.36)	(637.00)	16%
Profit After Tax (PAT)	**1,052.37**	**1186.15**	**(11%)**

KEY PARTNERSHIPS AND TIE-UPS

Particulars	Institution
Life Insurance business	HDFC Standard Life Insurance Company Limited
General Insurance business	Cholamandalam MS General Insurance Company Limited
Manufacturer Tie ups	Tata Motors Limited
	Mahindra & Mahindra Limited
	Ashok Leyland Limited
	SML Isuzu Limited
	Force Motors Limited
	Daimler India Commercial Vehicles
	Eicher Polaris
	John Deere India
	Mahindra Gujarat Tractors Limited
	Sany India
	Hyundai Construction Equipment India
	Escorts Construction Equipment
	Action Construction Equipment
	Terex India

KEY RATIOS

Particulars	March 2020	March 2019
Return on Equity - PAT	15.2%	20.9%
Return on Total Assets - PAT	1.8%	2.4%
Total Assets under Management (₹ in crores)	66,943	57,861
Earnings Per Share - Basic in ₹	13.37	15.17
Market Price - as of 31 March (in ₹)	152.95	289.60
Market Capitalisation - as of 31 March (₹ in crores)	12,535	22,769
CAR	20.7	17.4
Operating Expenses to Assets	2.6	2.6
Profit Before Tax to Income	18.9	26.4

CONSOLIDATED RESULTS

The consolidated profit after tax for the year under review was ₹ 1,053.72 crores in FY 20, as against ₹ 1,196.59 crores in FY 19.

On behalf of the board

Place : Chennai
Date : June 3, 2020

M.M. Murugappan
Chairman

Report on Corporate Governance

Corporate governance is about commitment to values and ethical business conduct. It is also about how an organisation is managed viz., its corporate and business structure, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the company, its performance and ownership forms part of the corporate governance.

CORPORATE GOVERNANCE PHILOSOPHY

The company is committed to the highest standards of corporate governance in all its activities and processes.

The company has always believed in and practices the highest standards of corporate governance. The board recognises that governance expectations are constantly evolving and is committed to keep standards of transparency and dissemination of information under continuous review to meet both letter and spirit of the law and its own demanding levels of business ethics.

The company believes that sound corporate governance practices are crucial to the smooth and efficient operation of a company and its ability to attract investment, protect the rights of its stakeholders and provide shareholder value. Everything the company does is defined and conditioned by the high standards of governance, which serve its values. The company firmly believes in and follows the below principle:

"The fundamental principle of economic activity is that no man you transact with will lose; then you shall not."

The corporate governance philosophy of the company is driven by the following fundamental principles:

- Adhere to corporate governance standards beyond the letter of law;
- Maintain transparency and high degree of disclosure levels;
- Maintain a clear distinction between the personal interest and the corporate interest;
- Have a transparent corporate structure driven by business needs; and
- Ensure compliance with applicable laws.

BOARD OF DIRECTORS

The corporate governance practices of the company ensure that the board of directors (the board) remains informed, independent and involved in the company and that there are ongoing efforts towards better governance to mitigate "non-business" risks.

The board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The board is committed to representing the long-term interests of the stakeholders and in providing effective governance over the company's affairs and exercise reasonable business judgment on the affairs of the company.

The company's day to day affairs are managed by the managing director (MD) assisted by the executive director (ED) and a competent management team, under the overall supervision of the board. The company has in place an appropriate risk management system covering various risks that the company is exposed to, including fraud risks, which are discussed and reviewed by the audit committee and the board every quarter.

The company's commitment to ethical and lawful business conduct is a fundamental shared value of the board, the senior management and all employees of the company. Consistent with its values and beliefs, the company has formulated a Code of Conduct applicable to the board and senior management. Further, the company has also adopted a Code of Conduct to regulate, monitor and report trading by insiders in the securities of the company and a whistle blower policy for reporting any concerns or grievances by directors, employees / customers and vendors in their dealings with the company. In order to ensure that the whistle blower mechanism is effective and as prescribed, direct access to the chairman of the audit committee is provided to the complainant.

Composition

The board has been constituted in a manner as per reg.17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies Act, 2013 (the Act). The board has a mix of executive / non-executive and independent directors, including a woman independent director to ensure proper governance and management. The board members have collective experience in diverse fields like banking and financial services, audit, finance, compliance and technology. The directors are elected based on their qualification and experience in varied fields. None of the directors are *inter-se* related.

Core Skills / expertise / competencies

In terms of Listing Regulations, the following are the list of core skills / expertise / competencies identified by the board in the context of the company's business and sector for effective functioning:

Core Skills / expertise / competencies	Status
Finance	Competency available
Strategy, planning and marketing	
Technology	
Governance	
Management and leadership	

The names of directors who have the above skills / expertise / competencies are as follows:

Name of the director	Skills/expertise/competencies
Mr. M.M. Murugappan	Strategy, planning, governance, technology, management and leadership
Mr. N. Ramesh Rajan	Finance, governance, management and leadership
Mr. Ashok Kumar Barat	Finance, technology, strategy, planning and marketing, governance, management and leadership
Ms. Bhama Krishnamurthy	Finance, governance, management and leadership
Mr. Rohan Verma	Technology, strategy, planning and marketing, management and leadership
Mr. Arun Alagappan	Finance, technology, management and leadership, strategy, planning and marketing
Mr. Ravindra Kumar Kundu	Management and leadership, strategy, planning and marketing

Formal induction and familiarisation programme for directors

The company's independent directors are eminent professionals with several decades of experience in banking and financial services industry, technology, finance, governance and management areas and are fully conversant and familiar with the business of the company. The company has an ongoing familiarisation programme for all directors with regard to their roles, duties, rights, responsibilities in the company, nature of the industry in which the company operates, the business model of the company, etc. The programme is embedded in the regular meeting agenda where alongside the review of operations, information on the industry, competition and company strategy are presented on a quarterly basis. The details of the familiarisation programme attended by directors are available on the website of the company (web link: *https://www.cholamandalam.com/files/media/Chola_Familiarisation-Programme.pdf*).

At the time of induction of a director on the board of the company, a formal invitation to join the board of the company is sent out along with a brief introduction about the company. A copy of the company's latest annual report and the schedule of the upcoming board / committee meetings for the calendar year are forwarded to the director. The director is explained in detail the compliances required of him / her under the Act, the Listing Regulations and other relevant regulations and his / her affirmation is taken with respect to the same. By way of an introduction the company conducts a familiarisation program covering all the businesses, functions and regulations impacting the company to new directors. Additionally, the company's code of conduct which inter alia explains the values and beliefs of the company, functions, duties and responsibilities as a director of the company, including the duties of independent directors in terms of the Act is given to the director at the time of joining and on an annual basis. Further, there is a detailed quarterly discussion and presentation on review of operations of the company and the regulatory updates impacting the business which helps the director familiarise himself / herself with the company, its business and the regulatory framework in which the company operates.

The details of directors as at 31 March, 2020, including the details of their other board directorship and committee membership reckoned in line with regulation 26 of the Listing Regulations and the Act as well as their shareholdings, are given below:

Name of the director	Executive / Non-executive / Independent / Promoter	No. of directorship including CIFCL* (Out of which as chairman)	No. of shares held in the company	No. of board committee membership including CIFCL** (Out of which as chairman)
Mr. M. M. Murugappan	Non-executive / Promoter director / Chairman	14(6)	21,035	6(4)
Mr. N. Ramesh Rajan	Non-executive / Independent director	4(1)	Nil	4(3)
Mr. Ashok Kumar Barat	Non-executive / Independent director	9	Nil	7(4)
Ms. Bhama Krishnamurthy	Non-executive / Independent director	7	Nil	6
Mr. Rohan Verma	Non-executive / Independent director	3(1)	Nil	1
Mr. Arun Alagappan	Executive / Promoter director	9	9,50,000	2
Mr. Ravindra Kumar Kundu	Executive director	3	80,235	Nil

* for the purpose of directorship / committee membership, all publlic / private companies and section 8 companies have been considered.

** only chairmanship / membership of audit committee and stakeholders' relationship committee have been considered.

The names of the other listed entities where the directors are holding directorship as at 31 March, 2020 are given below:

Name of the director	Name of the listed entity	Category of directorship
Mr. M.M. Murugappan	Tube Investments of India Limited	Non-Executive Chairman
	Cholamandalam Financial Holdings Limited	
	Cholamandalam MS General Insurance Company Limited (Debt listed company)	
	Carborundum Universal Limited	
	Coromandel International Limited	
	Mahindra and Mahindra Limited	Non-Executive / Independent Director
	Cyient Limited	Non-Executive Director
Mr. N. Ramesh Rajan	Indo - National Limited	Non-Executive / Independent Director / Chairman
	TTK Healthcare Limited	Non-Executive / Independent Director
Mr. Ashok Kumar Barat	Cholamandalam Financial Holdings Limited	Non-Executive / Independent Director
	Bata India Limited	
	Birlasoft Limited	
	DCB Bank Limited	
Ms. Bhama Krishnamurthy	Reliance Industrial Infrastructure Limited	Non-Executive / Independent Director
	CSB Bank Ltd., (Formerly The Catholic Syrian Bank Ltd.)	
	Network 18 Media & Investments Limited	
	Thirumalai Chemicals Limited	
Mr. Rohan Verma	-	-
Mr. Arun Alagappan	Lakshmi Machine Works Limited	Non-Executive / Independent Director
Mr. Ravindra Kumar Kundu	-	-

In the opinion of the board, the independent directors of the company fulfill the conditions specified in Listing Regulations and are independent of the management of the company.

All the board members, including independent directors, have opportunity and access to interact with the management.

Separate meeting of independent directors

During the year under review, in line with the requirement under section 149(8) and schedule IV of the Act, the independent directors had a separate meeting without the presence of the non-independent directors and management team.

Board Meetings

The board meets at regular intervals with an annual calendar and a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on operations, quarterly financial statements and other matters concerning the company. Besides, information about statutory compliance, minutes of all the subsidiary companies and committees of the board and information as required under the Listing Regulations are also provided to the directors on a quarterly basis. The board at every meeting also reviews the important regulatory changes and correspondence between two meetings.

The dates of the board meetings are fixed in advance for the calendar year to enable maximum attendance from directors. During the year, the board met 7 times on 27 April, 2019, 30 July, 2019, 5 November, 2019, 12 December, 2019, 23 January, 2020, 26 February, 2020 and 17 March, 2020. The Act, read with the relevant rules made there under, facilitates the participation of a director in board / committee meetings through video conferencing or other audio visual means. Accordingly, the company also provides the option to participate through video conferencing to enable the directors' participation at the meetings.

The board periodically reviews the matters required to be placed before it and inter alia reviews and approves the quarterly financial statements, corporate strategies, business plan, annual budgets and capital expenditures. It monitors the overall performance and reviews other matters which require the board's attention.

The board also takes on record the declarations and confirmations made by the managing director, chief financial officer and company secretary, regarding compliances of all laws on a quarterly basis.

Certificate from Company Secretary in Practice

Mr. R. Sridharan of M/s. R. Sridharan & Associates has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed with this report.

COMMITTEES OF THE BOARD

The board has constituted various committees to support the board in discharging its responsibilities.

There are seven committees constituted by the board - audit committee, stakeholders' relationship committee, corporate social responsibility committee, nomination and remuneration committee, risk management committee, IT strategy committee and business committee.

The board at the time of constitution of each committee fixes the terms of reference, reviews it and delegates powers from time to time. Various recommendations of the committees are submitted to the board for approval. The minutes of the meetings of all the committees are circulated to the board for its information.

AUDIT COMMITTEE

Terms of Reference

The committee acts as a link between the board, the statutory auditors and the internal auditors. The role of the audit committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements, adequacy of internal financial controls and risk management systems, review and approval of transactions with related parties, findings of internal audits / investigations, whistle blower policy, monitoring the usage of funds from issue proceeds, review the financial statements, in particular, the investments made by the unlisted subsidiary companies, review of usage of loans, advances received, investment in the subsidiaries exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, review compliance with the provisions of SEBI Prohibition of the Insider Trading Regulations at least once a financial year. The committee also verifies the adequacy in the systems for internal controls, to grant approvals for related party transactions which are in the ordinary course of business and on an arm's length basis, scrutiny of inter-corporate loans and investments, besides recommending the appointment / removal of the statutory auditors, the internal auditors and fixing their remuneration and review of the effectiveness of audit process.

Composition & Meetings

As at 31 March, 2020 the committee comprised three non-executive directors. All members of this committee are independent directors. The committee comprised Mr. N. Ramesh Rajan, independent director as the chairman, Mr. Ashok Kumar Barat and Ms. Bhama Krishnamurthy as its members and Mr. M.M. Murugappan, chairman of the board, Mr. Rohan Verma, director and Mr. Arun Alagappan, managing director as permanent invitees. The company secretary acts as the secretary to the committee. During the year, the committee met five times. All members of audit committee have knowledge of financial management, audit and accounts. The statutory auditors, the internal auditors and senior management are invited to attend the meetings of the committee. The company has in place a system for an independent meeting of the committee with the statutory and internal auditors without the presence of the non-independent directors and management team. The committee met the statutory auditors as well as internal auditors during the year.

NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

The role of the committee is to determine the company's policy on remuneration to executive directors and senior management, including periodic increments in salary. The committee is also empowered to determine the annual commission / incentives of the executive directors and the minimum remuneration of the executive directors in the event of inadequacy of profits besides implementing, remuneration including commission payable to non-executive directors, administering and monitoring the employee stock option plan / schemes of the company. The terms of reference inter alia includes the role of the committee to further consider and recommend persons who are qualified for board positions, evaluate directors performance prior to recommendation for re-appointments, identify persons who are qualified to be in senior management and recommend their appointments, remuneration payable and removal, formulate the criteria for determining qualifications, positive attributes and independence of a director and devising a policy on board diversity, determine whether to extend or continue the terms of appointment of independent director on the basis of the report of performance evaluation. Decisions for selecting a director is based on the merit, qualification, competency and the company's business needs. Such candidates shall be free of conflict of interest that would interfere with their ability to discharge their duties. The recommendations of the committee are placed before the board for its approval.

Composition & Meetings

As at 31 March, 2020, the committee comprised Mr. N. Ramesh Rajan, independent director as the chairman, Mr. M.M. Murugappan and Mr. Ashok Kumar Barat as its members. The majority of the members of this committee are independent directors. The committee had four meetings during the year ended 31 March, 2020.

REMUNERATION OF DIRECTORS

Remuneration Policy

The success of any organisation in achieving good performance and governance depends on its ability to attract quality individuals on the board.

The company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Act.

Currently, Mr. Arun Alagappan and Mr. Ravindra Kumar Kundu are the executive directors (EDs) on the board. The compensation to Mr. Arun Alagappan is within the scale approved by the shareholders. The compensation to Mr. Ravindra Kumar Kundu is within the scale approved by the board and the same shall be placed for shareholders' approval at the forthcoming general meeting. The elements of compensation comprise a fixed component and a performance incentive. The compensation is determined based on the level of responsibility and scales prevailing in the industry. EDs are not paid sitting fees for any board / committee meetings attended by them.

The compensation to the non-executive directors takes the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the company for each year calculated as per the provisions of section 198 of the Act, the actual commission paid to the directors is restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year. The sum is reviewed periodically taking into consideration various factors such as performance of the company, time devoted by the directors in attending to the affairs and business of the company and the extent of responsibilities cast on the directors under various laws and other relevant factors.

The non-executive directors are also paid sitting fees subject to the statutory ceiling for all board and committee meetings attended by them.

Criteria for Board Nomination

The nomination and remuneration committee is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The committee has formulated a charter in terms of the provisions of the Act, regulation 19(4) of the Listing Regulations and RBI Regulations applicable for non-banking finance companies, which inter alia, deals with the personal traits, competencies, experience, background and other fit and proper criteria. These attributes shall be considered for nominating candidates for board positions / re-appointment of directors.

Criteria for appointment in senior management

The nomination and remuneration committee is responsible for identifying and recommending persons who are qualified to be appointed in senior management including recommending their remuneration. The committee has formulated the charter in terms of the provisions of the Act and the Listing Regulations, which inter alia, deals with the criteria for identifying persons who are qualified to be appointed in senior management. These attributes shall be considered for nominating candidates for senior management position.

Performance Evaluation

In terms of the provisions of the Act and the Listing Regulations, the board carries out an annual performance evaluation of its own performance, the directors individually including the MD and ED carry out a self as well as a peer evaluation and the individual committees carries out an evaluation of the working of the committees. The performance evaluation of the independent directors is carried out by the entire board. The performance of the chairman and the non-independent directors are carried out by the independent directors. Chairman anchors the sessions on self, peer, committee and board effectiveness evaluations. Chairman of the nomination and remuneration committee anchors the session on chairman evaluation.

Policy on Board diversity

The nomination and remuneration committee has devised a policy on board diversity which sets out the approach to diversity on the board of the company. The policy provides for having a truly diverse board, comprising of appropriately qualified people with a broad range of experience relevant to the business of the company.

Remuneration of managing director/executive director:

Details of the remuneration of the managing director and executive director for the year ended 31 March, 2020 are as follows:

₹ in lakhs

Name of the Director	Salary	Allowance	Incentive (provisional)	Perquisites & Contributions	Total
Mr. Arun Alagappan	102.73	141.70	106.11	42.79	393.33
Mr. Ravindra Kumar Kundu (effective 23 January 2020)	15.36	7.05	9.98	4.75	37.14

Note:
Mr. Arun Alagappan and Mr. Ravindra Kumar Kundu are not eligible for any severance fee. Service contract and the notice period are as per the terms of agreement entered into by them with the company.

Remuneration of non-executive directors

After the last revision five years back, the non-executive directors commission has been revised in FY 20 from ₹ 7,50,000 to ₹ 10,00,000 per financial year and ₹ 12,00,000 to the chairman of audit committee reflecting their enhanced roles and responsibilities.

The board further revised the sitting fee payable to non-executive directors. Directors of the company are paid a sitting fee of ₹ 50,000/- for every meeting of board and audit committee and ₹ 30,000/- for every meeting of stakeholders' relationship committee, nomination and remuneration committee, risk management committee, corporate social responsibility committee, IT strategy committee and business committee. The details of commission provided / sitting fees paid to non-executive directors for the year ended 31 March, 2020 are as follows:

₹ in lakhs

Name of the director	Commission	Sitting Fees paid	Total
Mr. M. M. Murugappan	10.00	5.00	15.00
Mr. N. Ramesh Rajan	12.00	6.40	18.40
Mr. Ashok Kumar Barat	10.00	7.80	17.80
Ms. Bhama Krishnamurthy	6.69	4.80	11.49
Mr. Rohan Verma	10.00	3.10	13.10
Ms. Bharati Rao@	3.31	0.95	4.26
TOTAL	**52.00**	**28.05**	**80.05**

@ Retired at the close of 41st annual general meeting held on 30 July, 2019

Note:

Commission is provided based on the tenure the directors have served on the board and will be paid subject to deduction of tax as applicable.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Terms of Reference

The role of the committee includes formulation of shareholders' servicing plans and policies, consideration of valid share transfer requests with folios beyond 5000 shares, share transmissions, issue of duplicate share certificates, issue of share certificates for split, rematerialisation, consolidation of shares, etc. The committee also monitors and reviews the mechanism of share transfers, dematerialisation of shares and payment of dividends, adherence to the service standards in respect of various services being rendered by the Registrar & Share Transfer Agent, measures taken for effective exercise of voting rights by shareholders, approve transfer of shares to the Investors Education and Protection Fund. It further looks into the redressing of shareholders' grievances like non-receipt of balance sheet, non-receipt of declared dividends and determining, monitoring and reviewing the standards for resolution of shareholders' grievances.

During the year, the company had received two complaints from the shareholder / debenture holder which have been resolved. There were no investor complaints pending as at 31 March, 2020.

Composition & Meetings

As at 31 March, 2020, the committee comprised Mr. M.M. Murugappan as the chairman and Mr. Rohan Verma and Mr. Arun Alagappan as its members. Ms. P. Sujatha, company secretary is the compliance officer. During the year, the committee held two meetings.

RISK MANAGEMENT COMMITTEE

Terms of Reference

The role of the committee includes review of the risk management policy developed by the management, review of the annual risk management framework document and implementation of the actions planned in and periodical review of the process for systematic identification, cyber security and assessment of the business risks. Besides, the committee periodically monitors the critical risk exposures by specialised analysis and quality reviews and reports to the board the details of any significant developments, identify and make recommendations to the board, to the extent necessary on resources and staffing required for effective risk management and the action taken to manage the exposures and carry out any other function as may be necessary to ensure that an effective risk management system is in place.

Composition & Meetings

As at 31 March, 2020, the committee comprised Mr. Ashok Kumar Barat as the chairman, Mr. N. Ramesh Rajan, Ms. Bhama Krishnamurthy and Mr. Arun Alagappan as its members and executive director, business and functional heads of the company as invitees. The committee held four meetings during the year ended 31 March, 2020.

Meetings with chief risk officer

During the year under review, in line with the requirement under RBI regulations, the committee had separate meetings with Mr. Shankar Subramanian, chief risk officer of the company without the presence of the managing director and the management team.

IT STRATEGY COMMITTEE

Terms of Reference

The role of committee includes approving Information Technology (IT) strategy and policy documents and ensuring that the management has put an effective strategic planning process in place and ascertaining implementation processes and practices that ensure that IT delivers value to the business. Ensuring IT investments represent a balance of risks and benefits, the budgets are acceptable and monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources. Ensuring proper balance of IT investments for sustaining company's growth and becoming aware about exposure towards IT risks and controls. The committee also reviews the information security and cyber security framework, business continuity planning and disaster recovery process of the company.

Composition & Meetings

As at 31 March, 2020, the committee comprised Mr. Ashok Kumar Barat as the chairman, Mr. Rohan Verma and Mr. Arun Alagappan as its members. The committee held two meetings during the year ended 31 March, 2020.

BUSINESS COMMITTEE

Terms of Reference

The role of the committee includes review of the business of the company, including approval and review of business proposals beyond certain financial limits, review and recommend new product note to the board for approval, approve borrowings within the limits prescribed by the board, approve assignment of receivables and oversee the asset liability management system of the company.

Composition & Meetings

As at 31 March, 2020, the business committee comprised Mr. M.M. Murugappan as the chairman, Mr. Ashok Kumar Barat and Mr. Arun Alagappan as its members. The senior management is invited to attend the meetings of the committee. The committee held three meetings during the year.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Terms of Reference

The role of the committee includes formulation and recommendation of a corporate social responsibility (CSR) policy for the company, recommend the amount of expenditure to be incurred on the CSR activities, monitor the CSR policy of the company from time to time and institute a transparent monitoring mechanism for implementing the CSR activities and carry out any other function or activity as may be required to ensure that the CSR objectives are met.

Composition & Meetings

As at 31 March, 2020, the committee comprised Mr. M.M. Murugappan as the chairman, Ms. Bhama Krishnamurthy and Mr. Arun Alagappan as its members. The committee held two meetings during the year ended 31 March, 2020.

ATTENDANCE AT BOARD, COMMITTEE AND GENERAL MEETINGS

Name of the directors	Board (Attendance %)	Audit committee	Stakeholders relationship committee	Nomination & remuneration committee	Business committee	Risk management committee	Corporate social responsibility committee	IT strategy committee	Attendance at last AGM
Mr. M.M. Murugappan#	7(100%)	NA	1	2	3	1	2	NA	Yes
Mr. N. Ramesh Rajan	7(100%)	5	NA	4	NA	4	NA	NA	Yes
Mr. Ashok Kumar Barat	7(100%)	5	1	4	3	4	NA	2	Yes
Ms. Bhama Krishnamurthy*	5(100%)	3	NA	NA	NA	3	1	NA	NA
Mr. Rohan Verma	6(86%)	NA	1	NA	NA	NA	NA	2	Yes
Mr. Arun Alagappan	7(100%)	NA	2	NA	3	4	2	1	Yes
Mr. Ravindra Kumar Kundu$	3(100%)	NA	NA	NA	NA	NA	NA	NA	NA
Ms. Bharati Rao@	1(50%)	1	1	1	NA	NA	1	NA	No

* - Appointed as an additional director effective 31 July, 2019.

$ - Appointed as the executive director effective 23 January, 2020.

@ - Retired at the close of 41st annual general meeting held on 30 July, 2019

- Was a member of Risk Management Committee till 31 July, 2019 and appointed as member of Nomination and Remuneration Committee on 31 July, 2019

GENERAL BODY MEETINGS

Particulars of venue, date and time of the previous three annual general meetings are given below:

Year	Date and Time	Venue
2017	27 July, 2017 at 4.00 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai - 600 014
2018	26 July, 2018 at 4.00 p.m.	-do-
2019	30 July, 2019 at 3.30 p.m.	-do-

DETAILS OF SPECIAL RESOLUTIONS PASSED

Particulars of special resolutions passed in the previous three annual general meetings are given below:

Date of AGM	Details
27 July, 2017	Issue of securities on private placement basis under section 42 of the Act
26 July, 2018	- Approval for borrowing powers of the company
	- Issue of securities on private placement basis under section 42 of the Act
30 July, 2019	- Approval for borrowing powers of the company
	- Issue of securities on private placement basis under section 42 of the Act
	- Approval for payment of commission to non-executive directors

POSTAL BALLOT

During the year, the company passed special resolutions for the following items through postal ballots:

- Alteration of the object clause in the Memorandum of Association (MOA) of the company.
- Issue of equity shares by way of qualified institutions placement to eligible qualified institutional buyers.
- Issue of equity shares by way of preferential allotment to Cholamandalam Financial Holdings Limited.

The postal ballots were conducted in accordance with the procedure laid down under section 110 of the Act read with rule 22 of the Companies (Management and Administration) Rules, 2014. Mr. R. Sridharan of M/s. R. Sridharan & Associates, company secretaries acted as the scrutiniser for postal ballots. All the resolutions were passed with requisite majority by the shareholders.

The details of voting pattern of the postal ballots are as follows:

1. Special resolution pertaining to alteration of the object clause in the MOA of the company:

Particulars	No. of ballots / e-voting	No. of shares (votes)	% on total shares (votes) received
Assent	555	13,52,75,597	99.99969
Dissent	8	421	0.00031
Total	**563**	**13,52,76,018**	**100.0000**

2. Special resolution pertaining to issue of equity shares by way of qualified institutions placement to eligible qualified institutional buyers:

Particulars	No. of ballots / e-voting	No. of shares (votes)	% on total shares (votes) received
Assent	490	68,45,36,002	99.8005
Dissent	15	13,68,677	0.1995
Total	**505**	**68,59,04,679**	**100.0000**

3. Special resolution pertaining to issue of equity shares by way of preferential allotment to Cholamandalam Financial Holdings Limited:

Particulars	No. of ballots / e-voting	No. of shares (votes)	% on total shares (votes) received
Assent	606	68,19,91,406	99.9920
Dissent	19	54,360	0.0080
Total	**625**	**68,20,45,766**	**100.0000**

Proposed resolutions through postal ballot:

No special resolution is proposed to be conducted through postal ballot.

COMPLIANCE REPORT

A detailed compliance report is placed before the board every quarter and highlights of the report is circulated to the board along with the agenda every quarter. The company secretary submits a compliance certificate to the board on a quarterly basis. The board reviews the compliance of all applicable laws every quarter and gives appropriate directions, wherever necessary.

SECRETARIAL AUDIT

The company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31 March, 2020, M/s. R. Sridharan & Associates, company secretaries, have conducted the secretarial audit and the certificate was placed before the board and attached to this report.

RECONCILIATION OF SHARE CAPITAL AUDIT

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the company's share capital is being carried out by an independent auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The certificate issued by an independent practicing company secretary is submitted to the stock exchanges and is also placed before the board of directors.

CODE OF CONDUCT

The board has laid down a "Code of Conduct" for all the board members and the senior management of the company and the Code of Conduct has been posted on the website of the company. Annual declaration confirming compliance of the code is obtained from every person covered by the code of conduct. A declaration to this effect signed by Mr. Arun Alagappan, MD is attached to this report.

CODE FOR PREVENTION OF INSIDER TRADING

The board has adopted a code to regulate, monitor and report trading by insiders in securities of the company. The code inter alia requires pre-clearance for dealing in the securities of the company and prohibits the purchase or sale of securities of the company while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. The board has further approved the code for practices and procedures for fair disclosure of unpublished price sensitive information and policy governing the procedure of inquiry in case of actual or suspected leak of unpublished price sensitive information. The code has also been hosted on the website of the company.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The certificate on compliance of corporate governance norms from a practicing company secretary is annexed to the report.

CEO/CFO CERTIFICATION

Managing director and chief financial officer have given a compliance certificate to the board with regard to financial statements and internal control systems as contemplated under regulation 17(8) of the Listing Regulations.

SUBSIDIARY COMPANIES

A policy on material subsidiaries has been formulated and the same is posted on the company's website *(weblink: https:// www.cholamandalam.com/company-policies.aspx)*. The financial statements of subsidiary companies are tabled at the audit committee and board meetings every quarter. The company does not have any material subsidiary whose net worth exceeds 10% of the consolidated income or net worth of the company during the immediately preceding financial year.

DISCLOSURES

Related party transactions

All transactions with related parties that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis. There were no material transactions with related parties i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.

Suitable disclosures as required in compliance with accounting standards with related parties are disclosed in note 37 of the financial statements in the annual report.

The board has put in place a policy on related party transactions and the same has been uploaded on the company's website (*weblink: https://www.cholamandalam.com/company-policies.aspx*).

Fee disclosures as required by clause 10(k), Part C, Schedule V of the Listing Regulations:

Total fees for all services paid by the company and its subsidiaries, on a consolidated basis, to M/s. S.R. Batliboi & Associates (Batliboi), statutory auditors of the company and other firms in the network entity of which the statutory auditor is a part, as included in the consolidated financial statements of the company for the year ended 31 March, 2020, is as follows:

₹ in lakhs

Particulars	Amount
Fees for audit and related services paid to Batliboi and affiliates firms and to entities of the network of which the statutory auditor is a part	342.26
Other fees paid to Batliboi & affiliates firms and to entities of the network of which the statutory auditor is a part	18.49
Total fees*	**360.75**

*Includes input tax credit expensed wherever applicable

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

During the year, the company had not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Whistle blower policy / vigil mechanism

The company has established a whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimisation of directors / employees / customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. During the year, no personnel have been denied access to the audit committee. The policy is available on the website (weblink: *https://www.cholamandalam.com/company-policies.aspx).*

Penalties

There were no penalties, strictures imposed on the company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The company has complied with all mandatory requirements of corporate governance norms as enumerated in chapter IV of the Listing Regulations. The requirements of regulation 17 to regulation 27 of the Listing Regulations and clauses (b) to (i) of the sub-regulation (2) of regulation 46 to the extent applicable to the company have been complied with as disclosed in this report.

The company has also adopted the following discretionary requirements specified in Part E of Schedule II in terms of regulation 27(1) of the Listing Regulations:

i. Modified opinion(s) in audit report: Company's financial statements have unmodified audit opinions.

ii. Reporting of internal auditor: The internal auditors of the company directly report to the audit committee.

MEANS OF COMMUNICATION

The audited financial results, quarterly results and other major announcements like notices of board meetings, book closures were published in Business Line and Dinamani and are also available on the company's website *www.cholamandalam.com.* Press releases are given in the leading newspapers and also posted on the company's website. The investors' presentations and call transcripts are also posted on the company's website. The company has posted a shareholder's satisfaction survey on its website to ascertain the level of the shareholders satisfaction. Further, the shareholding pattern and presentations made to analysts and investors from time to time are also displayed on the website of the company.

MANAGEMENT DISCUSSION & ANALYSIS

A management discussion & analysis forms part of the annual report.

GENERAL SHAREHOLDER INFORMATION

A separate section on the above has been included in the annual report.

On behalf of the board

Place : Chennai
Date : June 3, 2020

M.M. Murugappan
Chairman

Declaration on Code of Conduct

This is to confirm that the board has laid down a Code of Conduct for all board members and senior management of the company. The Code of Conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the Code of Conduct of the company for the year ended March 31, 2020, as envisaged in schedule V under regulation 34 (3) of the Listing Regulations.

Place : Chennai
Date : June 3, 2020

Arun Alagappan
Managing Director

Certificate from Company Secretary in Practice

[Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Members,
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Dare House, No. 2, N S C Bose Road,
Parrys, Chennai - 600001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED (CIN: L65993TN1978PLC007576)** having its Registered Office at Dare House No. 2, N S C Bose Road, Parrys, Chennai – 600001 (hereinafter referred to as "The Company") as produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34 (3) read with Schedule V Part-C Sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In our opinion and according to the verifications (including Director Identification Number (DIN) Status at the portal *www.mca.gov.in*) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below on the Board of the Company as on 31st March 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board India / Ministry of Corporate Affairs or any such other statutory authority.

S.NO	DIN	NAME OF THE DIRECTOR	DESIGNATION	DATE OF APPOINTMENT
1.	00170478	M. M. Murugappan	Non-Executive – Chairman	31/05/2018
2.	00291361	Arun Alagappan	Executive Director (upto 14/11/2019)	19/08/2017
			Managing Director	15/11/2019
3.	00492930	Ashok Kumar Barat	Non-Executive - Independent Director	31/10/2017
4.	01628318	N. Ramesh Rajan	Non-Executive - Independent Director	30/10/2018
5.	01797489	Rohan Verma	Non-Executive - Independent Director	25/03/2019
6.	02196839	Bhama Krishnamurthy	Non-Executive - Independent Director	31/07/2019
7.	07337155	Ravindra Kumar Kundu	Executive Director	23/01/2020

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **R. Sridharan & Associates**
Company Secretaries

CS. R. Sridharan
CP No. 3239
FCS No. 4775
UIN : S2003TN063400
UDIN: F004775B000308067

Place : Chennai
Date : June 3, 2020

Independent certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members,

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Dare House, No. 2, N S C Bose Road,

Parrys, Chennai - 600001

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED,** (CIN: L65993TN1978PLC007576) having its Registered Office at Dare House, No.2, N.S.C Bose Road, Parrys, Chennai- 600001, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended 31st March, 2020.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **R. Sridharan & Associates**
Company Secretaries

CS. R. Sridharan
CP No. 3239
FCS No. 4775
UIN : S2003TN063400
UDIN: F004775B000308210

Place : Chennai
Date : June 3, 2020

General Shareholders Information

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER (CIN)

L65993TN1978PLC007576

ANNUAL GENERAL MEETING

Date	Time	Mode
30 July, 2020	3.30 p.m.	The annual general meeting (AGM) will be held through video conference in compliance with general circular numbers 14, 17 and 20/2020 and all other applicable laws and circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI).

FINANCIAL YEAR

1 April to 31 March.

DIVIDEND PAYMENT DATE

The board at its meeting held on 12 December, 2019 had approved payment of 1st interim dividend on the equity shares for the year ending 31 March, 2020 at the rate of 50% (₹ 1 per equity share of ₹ 2 each) and fixed the record date as 24 December, 2019. The dividend was paid to all the shareholders by 1 January, 2020.

Further, the board at its meeting held on 26 February, 2020 had approved payment of 2nd interim dividend on the equity shares for the year ending 31 March, 2020 at the rate of 35% (₹ 0.70 per equity share of ₹ 2 each) and fixed a record date as 5 March, 2020. The dividend was paid to all the shareholders by 13 March, 2020.

The company has accordingly paid a total of 85% (₹ 1.70 per equity share of ₹ each) as interim dividends. The board of directors have recommended the same to be declared as final dividend for FY 20.

LISTING ON STOCK EXCHANGES

Equity Shares:

BSE Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai - 400 001. Stock Code: 511243	**National Stock Exchange of India Limited** Exchange Plaza, Plot No.C-1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Stock Code: CHOLAFIN EQ

Sub-division and ISIN:

Consequent to the shareholders approval through postal ballot on 3 June, 2019 for sub-division of equity shares of the company, the face value of equity shares ₹ 10/- each fully paid-up was sub-divided into equity shares of face value of ₹ 2/- each fully paid-up and the ISIN for the equity shares of the company has been changed to INE121A01024.

Debt Securities:

Debt securities are listed in the Wholesale Debt Market (WDM) Segment of NSE and F - Class Segment of BSE Limited.

Payment of Listing fees

The listing fees for both equity shares and debt securities for FY 20 were paid to the above stock exchanges.

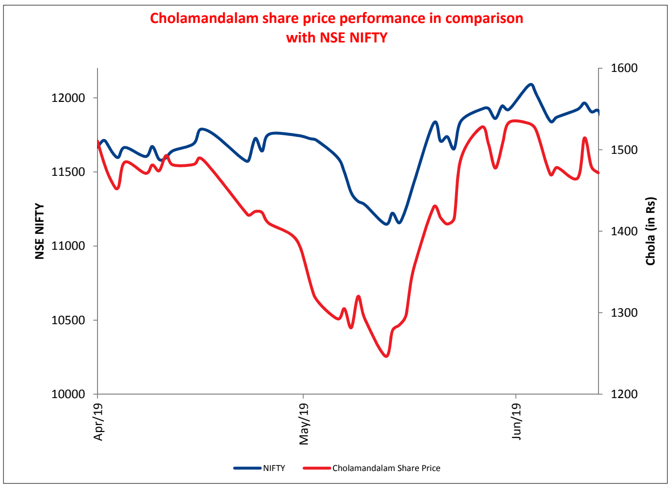
SHARE PRICE DATA

in ₹

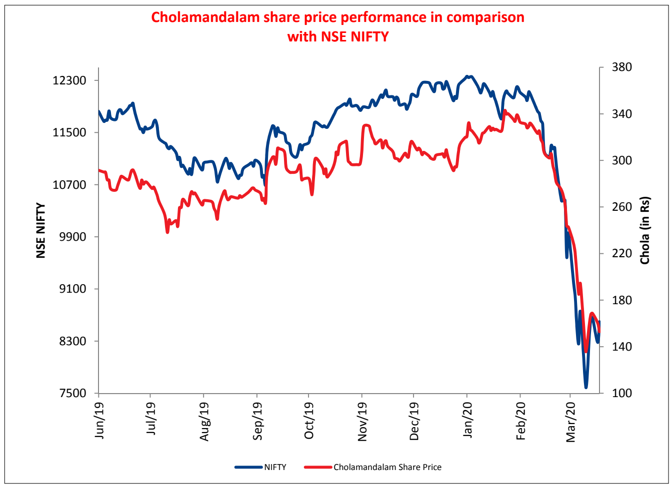
Month	BSE			NSE		
	High	Low	Vol.	High	Low	Vol.
April, 2019	1,510.70	1,389.50	290,115	1,509.95	1,388.80	57,47,434
May, 2019	1,533.55	1,246.60	420,969	1,532.70	1,247.80	80,91,768
June, 2019						
- Before sub-division	1,532.00	1,462.48	140,669	1,532.40	1,466.50	22,22,008
- After sub-division	291.55	275.13	1,332,611	291.35	274.70	84,25,447
July, 2019	291.85	238.10	2,040,476	291.70	238.55	2,87,75,481
August, 2019	273.65	249.55	2,292,148	273.20	249.15	2,78,67,759
September, 2019	310.50	263.50	2,675,886	310.60	263.40	3,05,07,987
October, 2019	307.05	270.70	1,638,406	307.10	270.60	2,66,27,296
November, 2019	329.70	296.45	5,542,838	329.85	296.65	4,03,34,771
December, 2019	316.35	299.65	522,656	316.50	300.45	2,60,64,595
January, 2020	332.30	291.55	2,727,803	331.65	291.50	5,14,54,770
February, 2020	342.80	306.40	807,300	342.65	306.50	3,41,37,158
March, 2020	305.85	136.50	5,731,614	306.20	136.05	8,32,87,010

Note: The drop in the market price from July 2019 onwards is due to sub-division of face value of the equity shares from ₹ 10/- each to ₹ 2/- each where the market price was adjusted for the sub-division.

Before sub-division of shares



After sub-division of shares



REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Private Limited (KFin) is the Registrar and Share Transfer Agent (RTA) for handling the physical and electronic registry work (formerly Karvy Fintech Private Limited). The shareholders are requested to send their share related requests / queries to the RTA.

The contact details of the RTA are as follows:

KFIN Technologies Private Limited

(Unit: Cholamandalam Investment and Finance Company Limited)

Selenium Tower B, Plot 31-32, Gachibowli, Financial District

Nanakramguda, Hyderabad - 500 032, Telengana | Phone: 040-67161736 | Fax: 040-23420814

E-mail: einward.ris@kfintech.com | Website: www.karisma.kfintech.com

Contact person: Mr. Rajkumar Kale - Senior Manager - Corporate Registry

TRUSTEES FOR THE DEBENTURE HOLDERS

The company has appointed IDBI Trusteeship Services Limited and Catalyst Trusteeship Limited as debenture trustees registered with SEBI, as the trustees on behalf of the debenture holders.

The contact details of the Trustees are as follows:

1. **IDBI Trusteeship Services Limited**
   Asian Building, Ground Floor,
   17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
   Phone : 022-40807035
   Website : www.idbitrustee.co.in
   E-mail : itsl@idbitrustee.com
   Contact person : Ms. Anjalee Athalye, Asst. VP (Operations)

2. **Catalyst Trusteeship Limited**
   GDA House, Plot No. 85, Bhusari Colony (Right),
   Paud Road, Pune - 411 038
   Phone : 020-2528 0081
   Website : www.catalysttrustee.com
   E-mail : dt@ctltrustee.com
   Contact person : Ms. Madhura Gokhale - Sr. Manager

Dematerialisation of shares and liquidity

The company's shares are tradable in the electronic form only. The company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited. As of 31 March, 2020, 99.85% of the company's shares were held in dematerialised form. The company's shares are regularly traded on National Stock Exchange of India Limited and BSE Limited under the ISIN: INE121A01024.

Share Transfer System

Effective 1 April, 2019 SEBI has disallowed listed companies from accepting request for transfer of securities which are held in physical form. The shareholders who continue to hold shares in physical form after this date, will not be able to lodge the shares with company / its RTA for further transfer. Shareholders shall mandatorily convert them to demat form if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the company / RTA. There are still 2,425 shareholders holding 0.15% of the company's shares in physical form. Those shareholders whose shares are held in physical mode may consider moving to dematerialised mode as they will not be able to transfer them in physical mode and also it is a safer and easier way to hold.

Nomination facility

The company is accepting nomination forms from shareholders in the prescribed form. All those who are desirous of making a nomination are requested to contact the RTA. The shareholders holding shares in dematerialised form are requested to forward their nomination instructions to the concerned depository participants. Nomination is optional and can be cancelled or varied by a shareholder at any time.

Payment of dividend through NACH

The company uses National Automated Clearing House (NACH) facility for payment of dividends directly to the bank accounts of shareholders. The shareholders may use the facility by providing their bank account number to the depository participant / RTA, as may be relevant, to enable the company to effect the dividend payment through the NACH mode.

Green initiative in corporate governance

The Companies Act, 2013 and the underlying rules permit companies to send various documents including the financial statements through electronic mode to the shareholders. In compliance with the circulars issued by MCA and SEBI, only electronic copies of the notice of the AGM and annual report for FY2020 will be sent to all the shareholders whose email addresses are registered with the company / depository participants. Shareholders are requested to register their e-mail ID with the depository participant, if the holding is in electronic mode. If shares are held in physical mode, the shareholders are requested to furnish their email addresses to RTA for receiving the above documents by electronic mode.

Details of complaints received and redressed

During the year, two investor service complaints relating to non-receipt of demat credit and non-receipt interest payment were received. No investor service complaint was pending as at 31 March, 2020.

Contact details of the designated official for assisting and handling investor grievances

In terms of regulation 46(2)(k) of the Listing Regulations, the contact details of the designated official for assisting and handling investor grievances are as below:

Ms. P. Sujatha, Company Secretary
"Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai-600 001
Phone: 044-40907172 (bd.) 40907055 (d) | Fax: 044-25346464
E-mail: sujathap@chola.murugappa.com | investors@chola.murugappa.com

CREDIT RATING

The credit rating details of the company as at 31 March, 2020 are as follows:

Rating Agency	Term	Type	Rating as on 31 March, 2020	Revisions during the year	Obtained during the year
ICRA	LT	NCD / SD / CC / TL	[ICRA]AA+ with Stable Outlook		
	LT	PD	[ICRA]AA with Stable Outlook		
	ST	CP / WCDL	[ICRA]A1+		CP : [ICRA]A1+ on September 3, 2019
CRISIL	ST	CP	[CRISIL]A1+		CP : [CRISIL]A1+ on September 5, 2019
	LT	SD	[CRISIL]AA+ / Stable		
CARE	LT	SD	CARE AA+		
	LT	PD	CARE AA		
INDIA Ratings and Research Private Ltd	LT	NCD / SD	IND AA+ with Stable Outlook		
	LT	PD	IND AA with Stable Outlook		

Note: LT – Long term loan, ST – Short term loan, NCD – Non-convertible debenture, SD – Subordinated debt instrument, CC – Cash credit, TL – Term loan, CP – Commercial paper, WCDL – Working capital demand loans, PD – Perpetual debt instrument

Payment of unclaimed / unpaid dividend

In respect of unclaimed dividends, the company sends periodical reminders to the shareholders before transferring the unclaimed dividends to the investor education and protection fund (IEPF) established by the central government. The dividends that are lying unclaimed / unpaid for a period of seven consecutive years are transferred from time to time to IEPF. The company has remitted ₹ 5.72 lakhs to IEPF during the year.

Year wise details of the dividends to be transferred to IEPF are given below:

FY to which the dividend relates	Date of declaration	Due date for transfer to IEPF
2013 - Final	31 July, 2013	04 September, 2020
2014 - Interim	29 January, 2014	05 March, 2021
- Final	31 July, 2014	04 September, 2021
2015 - Interim	27 January, 2015	03 March, 2022
- Final	31 July, 2015	04 September, 2022
2016 - Interim	29 January, 2016	05 March, 2023
- Final	29 July, 2016	03 September, 2023
2017 - Interim	25 January, 2017	01 March, 2024
- Final	27 July, 2017	31 August, 2024
2018 - Interim	30 January, 2018	06 March, 2025
- Final	26 July, 2018	30 August, 2025
2019 - Interim	30 January, 2019	06 March, 2026
- Final	30 July, 2019	03 September, 2026
2020 - Interim I	12 December, 2019	16 January, 2027
- Interim - II	26 February, 2020	02 April, 2027

Transfer of Equity Shares to IEPF

In accordance with the provisions of section 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF), the underlying shares of all dividends which remain unpaid/unclaimed for a period of seven consecutive years be transferred to Investor Education and Protection Fund (IEPF). As required under the said rules, the company had published a notice in the newspapers inviting the shareholders attention to the aforesaid rules. The company had also sent out individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Account, pursuant to the said rules and also displayed the details of such shareholders and shares due for transfer on the website of the company at www.cholamandalam.com in line with the requirements. During the year, the company had transferred 75,251 shares pertaining to 125 shareholders to the demat account maintained by IEPF authority. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF including all benefits accruing on such shares, if any, can be claimed from IEPF authority, as per the procedure prescribed in the rules. No claim shall lie in respect thereof with the company.

Unclaimed Suspense Account

In terms of regulation 34(3) of the Listing Regulations, all the shares issued in physical form pursuant to a public issue or any other issue, which remain unclaimed had been transferred to a folio in the name of unclaimed suspense account and dematerialised. The voting rights of these shares shall remain frozen till the rightful owner of such shares claims the shares. During the year, the company transferred 1 share to the IEPF authority for which the dividend remained unpaid/unclaimed during the seven consecutive years in the unclaimed suspense account.

The details regarding the shares which are in the unclaimed suspense account are given below:

S. No.	Description	Total No. of cases	Total Shares
1	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the beginning of the year	3	191
2	No. of shareholders who approached for transfer of shares from unclaimed suspense account during the year	-	-
3	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the year	-	-
4	No. of shares transferred to IEPF authority	1	1
5	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the end of the year	2	950*

* The increase in the number of shares is due to sub-division of face value of the equity shares from ₹ 10/- each to ₹ 2/- each

Distribution of Shareholding as on 31 March, 2020

Sl. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 500	47,635	69.41	68,47,898	0.84
2	501 - 1000	10,694	15.58	76,02,731	0.93
3	1001 - 3000	6,998	10.20	1,17,07,731	1.43
4	3001 - 10000	2,208	3.22	1,14,93,136	1.40
5	10001 - 20000	482	0.70	67,23,127	0.82
6	20001 - 100000	388	0.57	1,63,25,560	1.99
7	100001 and above	220	0.32	75,88,77,576	92.59
	TOTAL	**68,625**	**100.00**	**81,95,77,759**	**100.00**

SHAREHOLDING PATTERN

Category (Shares)	As at 31 March, 2020	
	No. of Shares	% of shareholding
Promoter and promoter group	42,32,91,094	51.65
Foreign Portfolio Investors	10,00,35,743	12.21
Mutual Funds / Trust / Banks / Financial Institutions/AIFs	19,82,29,009	24.19
Private Corporate Bodies / NBFCs	1,25,74,549	1.53
Resident Individuals and others	8,54,47,364	10.43
TOTAL	**81,95,77,759**	**100.00**

OUTSTANDING GDRs/ADRs ETC.

The company has not issued any GDR / ADR or any convertible instruments that is likely to impact the equity share capital of the company.

COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND COMMODITY HEDGING ACTIVITIES

The company is in financial services business and has no exposure to commodity price risk and commodity hedging activities and hence the disclosure pertaining to SEBI circular dated 15 November, 2018 is not applicable. In respect of certain computer related purchases involving payment in foreign currency wherein the payment is made basis the rate prevailing on the date of payment and as per the terms mentioned in contract. To this extent, if the currency movement is adverse, the payment would be impacted by such currency exposure.

LOCATION

The company's registered office is in Chennai and it operates out of 1,091 branches across the country.

On behalf of the board

Place : Chennai
Date : 3 June, 2020

M.M. Murugappan
Chairman

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the company: **L65993TN1978PLC007576**
2. Name of the company: **Cholamandalam Investment and Finance Company Limited**
3. Registered office address: **"Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai - 600001**
4. Website: ***www.cholamandalam.com***
5. E-mail id: **investors@chola.murugappa.com**
6. Financial Year reported: **01.04.2019 - 31.03.2020**
7. Sector(s) that the company is engaged in (industrial activity code-wise):

NIC Code	Group	Description
K	649	Financial Services - Lending

8. List three key services that the company provides (as in balance sheet):

   Key services rendered by the company are

   1. **Vehicle Finance**
   2. **Home Equity, Home Loans**
   3. **Corporate Finance**

9. Total number of locations where business activity is undertaken by the company:
   (a) Number of international locations (Provide details of major 5): **Nil**
   (b) Number of national locations: **1,091 branches**

10. Markets served by the company - local / state / national / international: **National**

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid Up capital: ₹ **163.98 crores**
2. Total turnover: ₹ **8,652.63 crores**
3. Total profit after taxes: ₹ **1,585.73 crores**
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **Refer CSR report**
5. List of activities in which expenditure in 4 above has been incurred: **Refer CSR report**

SECTION C: OTHER DETAILS

1. Does the company have any subsidiary company/companies?

   Yes, the company has two subsidiaries as on 31.03.2020 namely:

   1. **Cholamandalam Securities Limited and**
   2. **Cholamandalam Home Finance Limited**

2. Do the subsidiary company/companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

   BR initiatives of the parent company are generally followed by the subsidiary companies to the extent possible.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the company does business with, participate in the BR initiatives of the company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

   Not applicable.

SECTION D: BR INFORMATION

1. Details of director/directors responsible for BR:

   (a) Details of the director/director responsible for implementation of the BR policy/policies:

   1. Director Identification Number (DIN): 00291361
   2. Name: Mr. Arun Alagappan
   3. Designation: Managing Director

(b) Details of the BR head:

SN.	Particulars	Details
1	DIN (if applicable)	**00291361**
2	Name	**Mr. Arun Alagappan**
3	Designation	**Managing Director**
4	Telephone number	**044 - 4090 7172**
5	E-mail id	aa@chola.murugappa.com

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

SN.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for all the principles	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
4	Has the policy being approved by the board? If yes, has it been signed by MD/owner/CEO/ appropriate board director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the board/director/official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	*https://www.cholamandalam.com/company-policies.aspx*								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?#	Y	Y	Y	Y	Y	Y	Y	Y	Y

* National standards

The Company has in place an internal task force which evaluates the working of this policy.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: **Not applicable.**

3. Governance related to BR

(a) Indicate the frequency with which the board of directors, committee of the board or CEO to assess the BR performance of the company. Within 3 months, 3-6 months, Annually, More than 1 year.

The BR performance is assessed annually.

(b) Does the company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, *https://www.cholamandalam.com/company-policies.aspx*. Report is published annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - To conduct and govern themselves with ethics, transparency and accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the group/joint ventures/ suppliers/contractors/NGOs/others?

   The policy extends to the company, its subsidiaries and its business associates.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Particulars	Received	Resolved	Pending
Customer complaints	1,338	1,341*	8
Shareholder / Debenture holder	2	2	0

*11 pending complaints pertaining to FY19 were resolved during the year.

Principle 2 - To provide services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   Not applicable - The company being a NBFC is not engaged in a business concerning design of products/services that could raise social concerns, economic risks and/or hazardous opportunities.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   Not applicable.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Not applicable.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Yes, the company procures goods and services from local and small producers, including communities surrounding their place of work wherever possible.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

   Not applicable.

Principle 3 - To promote the well being of all employees

1. Please indicate the total number of employees - **7,873**
2. Please indicate the total number of employees hired on temporary/contractual/casual basis - **0**
3. Please indicate the number of permanent women employees - **223**
4. Please indicate the number of permanent employees with disabilities - **0**
5. Do you have an employee association that is recognized by management - **No**
6. What percentage of your permanent employees is members of this recognized employee association? - **Not applicable.**
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

SN.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	-	-
2	Sexual harassment	-	-
3	Discriminatory employment	-	-

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   The Learning & Development team created a health & safety module as part of the standard employee induction. More than 52% of the employees were part of this program.

   Employee Wellness program – Over 190 programs conducted during the year covering Cardiac wellness, eye check camps, dental camps, General Health Camps, Workplace Ergonomics programs, yoga camps were conducted at the branches in addition to the regular pre-employment checks and annual health checkups for employees.

With an endeavor to reduce number of accidents, increased safety messages & touch points with employees were initiated. The initiatives included conversations on road safety, continued weekly mailers, SMS, publishing employee accident stories, messages from family, desktop screensavers with Safety awareness messages, Health & Safety drives as an integral part of all Townhalls & Training sessions.

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No.

   Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   Not applicable.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Not applicable.

Principle 5 - Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The policy on human rights covers the company, customers and its associates.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   The company received 1,338 customer complaints and 1 shareholder and 1 debenture holder complaint during the financial year. 99.40% customer complaints and 100% shareholder/debenture holder complaints were resolved satisfactorily by the management as on 31 March, 2020.

Principle 6 - Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/ others.

   The policy is applicable only to the company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

   Not applicable.

3. Does the company identify and assess potential environmental risks? Y/N.

   Not applicable.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   No.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.:

   No.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Not applicable.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of FY.

   Nil.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
   - **Confederation of Indian Industry**
   - **Finance Industry Development Council**
   - **Finance Companies' Association (India)**
   - **South India Hire Purchase Association**
2. 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others

   Yes. Representations had been submitted to the Government and regulatory authorities on various matters for the improvement of public good on areas relating to governance and administration, economic reforms, inclusive development policies and sustainable business principles.

Principle 8 - Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes, please refer CSR Report.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   Please refer CSR Report.
3. Have you done any impact assessment of your initiative?

   We have done impact assessment study in FY 20 for the Health, Environment, Rural Development, Arts & Culture and WASH projects.
4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

   Please refer CSR Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Yes, in these projects the community is motivated to contribute. The cost will be mobilized by way of membership fee from the beneficiary families. The villagers also provide installation space for the machine. They have formed committees with the guidance of Implementing partners and the Panchayat. These committees not only take care of the project but also create a surplus by monthly fee collection, which they use to sustain the project.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year.

   0.45% of customer complaints were pending at the end of the financial year.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)

   Not Applicable.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as at the end of the financial year. If so, provide details thereof, in about 50 words or so.

   No.
4. Did your company carry out any consumer survey/consumer satisfaction trends?

   Yes, customer satisfaction surveys are carried out periodically and trends measured.

Independent Auditor's Report

To the Members of Cholamandalam Investment and Finance Company Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of Cholamandalam Investment and Finance Company Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date

Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 2.2 to the accompanying Standalone Ind AS financial statements, which describes the impact of COVID-19 pandemic, and its possible consequential implications on the Company's operations and financial metrics, including the Company's estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of Financial Assets based on Expected Credit Loss ('ECL') *(as described in Note 3.5 of the Standalone Ind AS Financial Statements)*	
Financial instruments, which include loans to customers, represents a significant portion of the total assets of the Company. The Company has loans aggregating Rs 56,92,570 lakhs as at March 31, 2020. Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by	• Understood the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. • Read and assessed the Company's impairment provisioning policy as per Ind AS 109;

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
the Company based on the guiding principles prescribed under Ind AS 109. As explained in the notes to the financial statements for the year ended March 31, 2020, the impairment provision is based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include: (a) Segmentation of the loan portfolio into homogenous pool of borrowers; (b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired; (c) Determination of the 12 month and life-time probability of default for each of the segments identified; and (d) Loss given default for various exposures based on past trends / experience, management estimates etc., Additionally, the economic and business consequences of the COVID 19 pandemic as described in Note 2.2 & 2.3 to the Standalone Ind AS financial statements, slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect loan loss provisioning under the ECL approach. Note 3.5 read with Note 2.3 to the Standalone Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model. As at March 31, 2020, the Company has made a provision for impairment loss aggregating Rs. 1,52,297 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as a key audit matter.	• Understood the Company's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures; • Assessed the Exposure at Default used in the impairment calculations on a test basis; • Obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults for various homogenous segments and performed test checks; • Obtained an understanding of the basis and methodology adopted by management to determine Loss Given Defaults for various homogenous segments based on past recovery experience, qualitative factors etc., and performed test checks; • Assessed the items of loans, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date; • Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company's IT systems); • Enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof; • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and • Read the financial statement disclosures in respect of impairment losses on financial assets, including the specific disclosures made with regard to the impact of COVID-19 on the ECL estimation.

Audit in an Information Technology (IT) enabled environment – including considerations on exceptions identified in IT environment

Key audit matters	How our audit addressed the key audit matter
The Company has information technology applications which are used across various class of transactions in its operations including automated and IT dependent manual controls that are embedded in them. Due to the pervasive nature and complexity of the Company's IT environment, we place significant emphasis on the information systems, the controls, and process around such information systems and the usage of information from such systems for the purpose of financial reporting by the management for our audit. Accordingly, this has been considered as a key audit matter.	In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting: • Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls; • The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system;

Independent Auditor's Report (Contd.)

Audit in an Information Technology (IT) enabled environment – including considerations on exceptions identified in IT environment

	• Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; • Performed tests of controls (including over compensatory controls wherever applicable) on the IT Application controls and IT dependent manual controls in the system. • Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.

Pending litigations with tax authorities *as described in Note 38(a) of the Standalone Ind AS Financial Statements)*

Key audit matters	How our audit addressed the key audit matter
The Company operates in a complex tax environment and is required to discharge direct and indirect tax obligations under various legislations such as Income Tax Act, 1961, the Finance Act, 1994 Goods and Services Tax Acts and VAT Acts of various states, as may be applicable. The tax authorities under these legislations have raised certain tax demands on the Company in respect of the past periods. The Company has disputed such demands and has appealed against them at appropriate forums. As at March 31, 2020 the Company has an amount of Rs. 67,640 Lakhs pertaining to various pending tax litigations. Under Ind AS, the Company is required to perform an assessment of the probability of economic outflow on account of such disputed tax matters and determine whether any particular obligation needs to be recorded as a provision in the books of account or to be disclosed as a contingent liability. Considering the significant degree of judgement applied by the management in making such assessments and the resultant impact on the financial statements, we have considered it to be a key audit matter.	In assessing the exposure of the Company for the tax litigations, we have performed the following procedures: • Obtained an understanding of the process laid down by the management for performing their assessment taking into consideration past legal precedents, changes in laws and regulations, expert opinions obtained from external tax / legal experts (as applicable); • Assessed the processes and entity level controls established by the Company to ensure completeness of information with respect to tax litigations; • Along with our tax experts, we undertook the following procedures: • Read communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management; • Tested the accuracy of disputed amounts from the underlying communications received from tax authorities and responses filed by the Company; • Considered the submissions made to appellate authorities and expert opinions obtained by the Company from external tax / legal experts (wherever applicable) which form the basis for management's assessment; • Assessed the positions taken by the management in the light of the aforesaid information and based on the examination of the matters by our tax experts. • Read the disclosures included in the Standalone Ind AS Financial Statements in this regard.

Independent Auditor's Report (Contd.)

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion

Independent Auditor's Report (Contd.)

on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

Independent Auditor's Report (Contd.)

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 38(a) to the Standalone Ind AS financial statements;

ii. Provision has been made in the Standalone Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 and 9 to the Standalone Ind AS financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: **101049W/E300004**

per Subramanian Suresh
Partner
Membership Number: 083673
UDIN: 20083673AAAAAY1077
Place of Signature : Chennai
Date : June 3, 2020

Annexure 1 referred to in our report of even date

Re: Cholamandalam Investment and Finance Company Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company. Immovable properties of loan and buildings whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security for the Redeemable Non-convertible Debentures, are held in the name of the Company based on the Trust Deed executed between the Trustees and the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) (a) The Company has granted loans to one subsidiary Company and one associate covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) According to the information and explanations given by the management there are no amounts of loans which are overdue for more than ninety days from a Company covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, duty of custom, cess and other material statutory dues applicable to it. The provisions relating to wealth tax, and duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, duty of custom, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Annexure 1 referred to in our report of even date (Contd.)

(c) According to the records of the Company, the dues outstanding of Income tax, Sales Tax, Value Added Tax and Service Tax which have not been deposited on account of any dispute are as follows:

₹ in lacs

Name of the statute	Nature of dues	Amount not deposited	Period to which the amounts relate	Forum where the dispute is pending
Income Tax Act, 1961	Tax and interest	24,284	1990-91, 1991-92, 2008-09, 2012-13 & 2016-17	Income Tax Appellate Tribunal
		6,247	2012-13 to 2014-15 & 2016-17	CIT(Appeal)
Bihar Finance Act, 1981	Sales Tax	2	1992-93 & 1993-94	Sales Tax Appellate Tribunal
Gujarat Sales Tax Act, 1969	Sales Tax	2	1997-98	Sales Tax Appellate Tribunal
Rajasthan Sales Tax Act	Sales Tax	14	2012-13, 2016-17 - 2017-18	Tribunal/ Assessing Officer
Karnataka Sales Tax Act	Sales Tax	357	2007-08 to 2013-14	Karnataka High court
Delhi Sales Tax Act, 1975	Sales Tax	8	1991-92	Deputy Commissioner of Sales Tax
Odisha Value Added Tax Act, 2004	Sales Tax	303	2007-08 to 2013-2014	Sales Tax Appellate Tribunal/ Joint Commissioner
Tamil Nadu Value Added Tax Act, 2006	Sales Tax	1,029	2007-08 to 2013-14	Supreme Court
Tamil Nadu General Sales Tax Act, 1959	TNGST & CST	999	1994-95	High Court of Madras
Uttar Pradesh Sales Tax Act	Sales Tax	62	1987-2003	UP Tribunal
Finance Act, 1994	Service Tax	19,690	2005-06 to 2017-18	CESTAT

*net of tax paid under protest/ refund adjusted

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the Management, the Company has not raised any money by way of initial public offer or further public offer. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act 2013.

Annexure 1 referred to in our report of even date (Contd.)

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of Section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares and the Company has not issued fully or partly convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : June 3, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Cholamandalam Investment and Finance Company Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Cholamandalam Investment and Finance Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Cholamandalam Investment and Finance Company Limited (Contd.)

reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: **101049W/E300004**

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date :June 3, 2020

Standalone Ind AS Balance Sheet

As at March 31, 2020

₹ in lakhs

	Note No.	As at 31.03.2020	As at 31.03.2019
ASSETS			
Financial Assets			
Cash and Cash Equivalents	5	3,46,188	3,13,893
Bank Balances other than Cash and Cash Equivalents	6	3,49,722	53,592
Derivative financial instruments	7	11,420	8,869
Receivables	8		
i) Trade Receivables		661	441
ii) Other Receivables		5,213	3,908
Loans	9	55,40,273	52,62,227
Investments	10	7,292	7,292
Other Financial Assets	11	41,327	13,512
		63,02,096	**56,63,734**
Non - Financial Assets			
Current tax assets (Net)		15,208	14,639
Deferred tax assets (Net)	12	52,083	45,300
Investment Property	13	14	14
Property, Plant and Equipment	14	25,599	14,286
Intangible assets under development		1,026	1,310
Other Intangible assets	15	1,747	1,976
Other Non-Financial Assets	16	1,531	1,371
		97,208	**78,896**
TOTAL ASSETS		**63,99,304**	**57,42,630**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	7	-	841
Payables			
(I) Trade Payables			
i) Total outstanding dues of micro and small enterprises		70	-
ii) Total outstanding dues of creditors other than micro and small enterprises		20,220	20,742
(II) Other Payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		9,949	12,894
Debt Securities	17	7,32,683	14,18,431
Borrowings(Other than Debt Securities)	18	43,27,308	32,12,375
Subordinated Liabilities	19	4,40,552	4,25,868
Other Financial Liabilities	20	38,621	21,207
		55,69,403	**51,12,358**
Non - Financial Liabilities			
Provisions	21	9,076	7,402
Other Non-Financial Liabilities	22	3,641	5,296
		12,717	**12,698**
Equity			
Equity share capital	23A	16,398	15,643
Other Equity	23B	8,00,786	6,01,931
		8,17,184	**6,17,574**
TOTAL LIABILITIES AND EQUITY		**63,99,304**	**57,42,630**

The accompanying notes are integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

For and on behalf of the **Board of Directors**

per **Subramanian Suresh**
Partner
Membership No: 083673

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

Date : June 3, 2020
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Standalone Ind AS Statement of Profit and Loss

For the year ended March 31, 2020

₹ in lakhs

	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
Revenue from Operations			
- Interest Income	24A	8,12,416	6,57,551
- Net gain on derecognition of financial instruments under amortised cost category		24,727	8,670
- Fee Income	24B	18,987	17,606
- Net gain on Fair value change on financial instruments	24C	1,563	6,328
- Sale of Services	24D	7,570	9,042
Total Revenue from operations (I)		**8,65,263**	**6,99,197**
- Other income (II)	25	**26**	**67**
Total Income (III) = (I) + (II)		**8,65,289**	**6,99,264**
Expenses			
- Finance costs	26	4,59,223	3,58,874
- Impairment of Financial Instruments	27	89,733	31,120
- Employee benefits expense	28	65,500	59,058
- Depreciation and amortisation expense	13, 14 & 15	10,754	5,548
- Other expenses	29	81,506	62,349
Total Expenses (IV)		**7,06,716**	**5,16,949**
Profit before tax (V) = (III) - (IV)		**1,58,573**	**1,82,315**
Tax expense/(benefit)			
Current tax		56,732	71,449
- Adjustment of tax relating to earlier periods		-	1,600
Deferred tax		(3,396)	(9,349)
Net tax expense (VI)		**53,336**	**63,700**
Profit for the year - A = (V) - (VI)		**1,05,237**	**1,18,615**
Other Comprehensive income:			
i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans (net)		(499)	(678)
Income tax impact		125	237
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve		(9,232)	1,306
Income tax impact		3,261	(456)
Other comprehensive income/(loss) net of tax for the period (B)		**(6,345)**	**409**
Total comprehensive income net of tax for the period (A + B)		**98,892**	**1,19,024**
Earnings per equity share of ₹ 2 each	30		
- Basic (₹)		13.37	15.17
- Diluted (₹)		13.35	15.16

The accompanying notes are integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : June 3, 2020
Place : Chennai

For and on behalf of the **Board of Directors**

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Standalone Ind AS Statement of Changes in Equity

For the year ended March 31, 2020

₹ in lakhs

a) Equity Share Capital	
Balances as on April 01, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	**15,643**
Add: Issue of share capital	755
Balances as on March 31, 2020	**16,398**

b) Other Equity (Refer Note 23)

₹ in lakhs

Particulars	Reserve and Surplus								Items of other comprehensive income		Total
	Share application money pending allotment	Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based Payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Balance as at March 31, 2019	**-**	**1,06,046**	**4**	**3,300**	**1,66,849**	**2,48,777**	**76,450**	**1,861**	**(129)**	**(1,227)**	**6,01,931**
Profit for the year	-	-	-	-	-	-	1,05,237	-	-	-	**1,05,237**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(374)	-	-	-	**(374)**
Total comprehensive income for the period, net of income tax	-	-	-	-	-	-	-	-	-	(5,971)	**(5,971)**
Dividend including DDT		-	-	-	-	-	(20,032)	-	-	-	**(20,032)**
Addition during the year	10	22,000	-	-	1,19,750	50,000	-	1,156	-	-	**1,92,916**
Utilisation of securities premium	-	-	-	-	(921)	-	-	-	-	-	**(921)**
Transfer to reserves from **retained earnings during the year**	-		-	-	-		(72,000)	-	-	-	**(72,000)**
Balance as at March 31, 2020	**10**	**1,28,046**	**4**	**3,300**	**2,85,678**	**2,98,777**	**89,281**	**3,017**	**(129)**	**(7,198)**	**8,00,786**
Balance as at March 31, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,679**	**1,88,777**	**54,528**	**1,046**	**(129)**	**(2,077)**	**4,94,174**
Profit for the year	-	-	-	-	-	-	1,18,615	-	-	-	**1,18,615**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(441)	-	-	-	**(441)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	850	**850**
Dividend including DDT	-	-	-	-	-	-	(12,252)		-	-	**(12,252)**
Addition during the year	-	-	-	-	170	-	-	815	-	-	**985**
Transfer to reserves from retained earnings during the year	-	24,000	-	-		60,000	(84,000)	-	-	-	-
Balance as at March 31, 2019	**-**	**1,06,046**	**4**	**3,300**	**1,66,849**	**2,48,777**	**76,450**	**1,861**	**(129)**	**(1,227)**	**6,01,931**

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : June 3, 2020
Place : Chennai

For and on behalf of the **Board of Directors**

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Standalone Ind AS Cash Flow Statement

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
Cash Flow from Operating Activities				
Profit Before Tax		**1,58,573**		**1,82,315**
Adjustments to reconcile profit before tax to net cash flows:-				
Depreciation and amortisation expense	10,754		5,548	
Impairment of financial instruments	89,733		31,120	
Finance Costs	4,59,223		3,58,874	
Loss on Sale of Property plant and equipment (Net)	13		13	
Net gain on fair value change in financial instruments	(1,563)		(6,328)	
Interest Income on bank deposits	(24,285)		(7,928)	
Share based payment expense	1,153		798	
		5,35,028		3,82,097
Operating Profit Before Working Capital Changes		**6,93,601**		**5,64,412**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
- Loans	(8,03,568)		(11,89,974)	
- Trade receivables	(1,525)		5,052	
- Other Financial Assets	(27,816)		(4,702)	
- Other Non Financial Assets	(161)	(8,33,070)	(129)	(11,89,753)
Proceeds from de-recognition of financial assets recognised at amortised cost		4,35,789		1,18,220
Increase/(Decrease) in operating liabilities & provisions				
- Payables	(3,895)		5,850	
- Other Financial liabilities	5,367		1,228	
- Provisions	1,674		1,047	
- Other Non Financial liabilities	(820)	2,326	245	8,370
Cash Flow used in Operations		**2,98,646**		**(4,98,751)**
Finance Costs paid	(4,71,542)		(3,68,945)	
Interest Received on Bank Deposits	21,575		7,379	
		(4,49,967)		(3,61,566)
		(1,51,321)		(8,60,317)
Income tax paid (Net of refunds)		(57,301)		(72,807)
Net Cash Used in Operating Activities (A)		**(2,08,622)**		**(9,33,124)**
Cash Flow from Investing Activities				
Purchase of Property, plant and Equipment and Intangible Assets	(6,815)		(6,810)	
Proceed from sale of Property, plant and Equipment	108		124	
Movement of Investment (net)	1,563		6,328	
Net Cash Used in Investing Activities (B)		**(5,144)**		**(358)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		1,19,584		174
Payment of Lease liabilities		(4,800)		-
Proceeds from issue of Debt securities	19,40,525		17,08,570	
Redemption of Debt securities	(26,09,365)		(17,36,533)	
Proceeds from Borrowing other than debt securities	45,16,459		32,64,002	

Standalone Ind AS Cash Flow Statement (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
Repayment of Borrowings other than debt securities	(34,18,400)		(20,75,813)	
Proceeds from issue of subordinated liabilities	45,000		82,100	
Repayment of subordinated liabilities	(29,500)		(18,650)	
		4,44,719		12,23,676
Investment in Bank Fixed Deposits (net of withdrawals)		(2,93,415)		10,385
Dividends Paid (Including Distribution Tax)		(20,027)		(12,239)
Net Cash From Financing Activities (C)		**2,46,061**		**12,21,996**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**32,295**		**2,88,514**
Cash and Cash Equivalents at the Beginning of the Period		3,13,893		25,379
Cash and Cash Equivalents at the End of the Period		3,46,188		3,13,893

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

For and on behalf of the **Board of Directors**

per **Subramanian Suresh**
Partner
Membership No: 083673

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

Date : June 3, 2020
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Notes forming part of the Standalone Ind AS Financial Statements

For the year ended March 31, 2020

1. Corporate information

Cholamandalam Investment and Finance Company Limited ("the Company") (CIN L65993TN1978PLC007576) is a public limited Company domiciled in India. The Company is listed on Bombay Stock Exchange and National Stock Exchange. The Company is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans and Loan against property.

The standalone financial statements are presented in INR which is also functional currency of the Company.

2.1 Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through Profit and Loss (FVTPL) instruments, derivative financial instruments and Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)

The standalone financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

The regulatory disclosures as required by Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company Directions, 2016 issued by the RBI ('RBI Master Directions') to be included as a part of the Notes to Accounts are prepared as per the Ind AS financial statements pursuant to the notification on Implementation of Indian Accounting Standards, dated March 13, 2020.

2.2 Impact of Covid-19 on business

The COVID-19 pandemic has resulted in a significant decrease in economic activity across the country. The Government of India and the respective State Governments announced a strict lockdown to contain the spread of the virus which was further extended twice across the nation with some relaxations in specific areas. This has had a consequential impact on the regular operations of the Company, including lending and collection activities.

In respect of the Company's loan book, Management has made impairment provisions as more fully explained below. However, the full extent of impact of the COVID-19 pandemic on the Company's operations, and financial metrics (including impact on impairment provisions on loans) will further depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.

2.3 Impact of Covid-19 on Impairment Allowance

In terms of the COVID-19 Regulatory Package of the RBI, vide guidelines dated March 27, 2020 and April 17, 2020, and in accordance with the Scheme approved by the Company's Board of Directors ("Board"), the Company has granted to all eligible borrowers, moratorium of three months on the payment of all loan instalments falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020 the moratorium is being extended for a further period of three months in accordance with the Company's policy approved by its Board. In this connection, having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of expected credit loss on loans, are based on historical experience and other emerging/ forward looking factors including those arising on account of the COVID-19 pandemic.

The Company, inter alia, has used relevant indicators of moratorium along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro economic conditions and has provided for an expected credit loss of Rs. 59,306 lakhs for the year ended March 31, 2020. However, considering the inherent uncertainty regarding the severity and duration of the pandemic and the resultant economic impact the company's actual impairment loss could be different from these estimates.

2.4 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

3. Significant accounting policies

3.1 Financial instruments – initial recognition

3.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Company (as per the terms of the agreement with the borrowers). The Company recognises debt securities and borrowings when funds reach the Company.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL (Fair value through profit and loss), transaction costs are added to, or subtracted from, this amount.

3.1.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVTPL
- FVOCI

3.2 Financial assets and liabilities

3.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Company Measures Bank balances, Loans, and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

3.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages Company's of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3.2.2 Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI (Other Comprehensive Income) . Equity instruments at FVOCI are not subject to an impairment assessment.

3.2.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

3.2.4 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

3.3 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2019-20 and 2018-19.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets other than due to substantial modification

3.4.1.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

or more entities (the'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

3.4.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

3.5.2 The calculation of ECLs

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD: The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD: The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

3.5.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

3.6 Collateral repossessed

The Company generally does not use the assets repossessed for the internal operations. The underlying loans in respect of which collaterals have been repossessed

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

with an intention to realize by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. The Company resorts to regular repossession of collateral provided against vehicle loans. Further, in its normal course of business, the Company from time to time, also exercises its right over property through legal procedures which include seizure of the property.

As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

3.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.8 Restructured, rescheduled and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Company considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

3.9 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

3.9.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

3.10 Recognition of interest income

3.10.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

3.10.2 Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

3.11 Taxes

3.11.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.11.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

3.12 Investment in Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3.13 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

Useful life of assets as per Schedule II:

Asset Description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Other Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on Management's estimation and which are different from those specified in schedule II:

Asset Description	Estimated Useful Life
Furniture and Fixtures*	5 years
Vehicles*	5 years

*Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.14 Intangible assets

The Company's other intangible assets mainly include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Employees' State Insurance: The Company contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Superannuation: The Company contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India ("LIC"). The Company has no liability for future Superannuation Fund benefits other than its contribution and recognizes such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

The Company makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

3.17 Share Based Payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

3.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013 in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.20 Determination of Fair value

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3.21 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

3.21.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

3.21.2 Fee Income & Sale of Service

a) Fee income from loans are recognised upon satisfaction of following:

i) Completion of service

ii) and realisation of the fee income.

b) Servicing and collections fees on assignment are recognised upon completion of service.

c) Advertising income is recognised over the contract period as and when related services are rendered.

3.22 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

3.23 Input Tax credit (Service tax/ Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing / utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

3.24 Foreign Currency transactions

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

3.25 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.26 Segment Information

The accounting policies adopted for Segment reporting are in line with the accounting policies of the Company with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

3.27 Equity Investment in Subsidiaries and associates

Investment in Subsidiaries and Joint Ventures are carried at Cost in the Separate Financial Statements as permitted under Ind AS 27.

3.28 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments

For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of cash management of the Company.

3.29 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.30 Leases

The Company's lease asset consists of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-to-use asset ("RTU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RTU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-to-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right to use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right to use asset if the Company changes its assessment if the whether it will exercise an extension or a termination option.

The Company has opted to presented the RTU as a part of the block of asset to which the lease pertains to and consequently, the RTU asset has been presented as a part of Property, plant and equipment under the Buildings block, whereas the lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Company are classified as financing cash flows.

The Company applies the short-term lease recognition exemption to its short-term leases of Buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.31 Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

4A. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period

In the process of applying the Company's accounting policies, management has made the following judgements/estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i Business Model Assessment

The Company from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the Company's business model for managing its financial assets becomes a critical judgment. Refer Note 3.2.1.1 for related details.

ii De-recognition of Financial instruments

The Company enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Company has been exposed to. Based on this assessment, the Company believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Company hence it has been concluded that securitisation transactions entered by the Company does not qualify de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

iii Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Fair value note in Accounting policy

iv Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

- Development of ECL models, including the various formulas and the choice of inputs
- Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

The Company has considered the impact of Covid-19 pandemic and the moratorium given to borrowers pursuant to the Covid-19 regulatory package announced by Reserve Bank of India, in determination of impairment allowance for the year. Also refer note 2.3.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

v Leases

a. Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

b. Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to for its borrowings.

vi Provisions and other contingent liabilities

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

4B New Accounting standards issued and effective from April 1, 2019

New and amended standards and interpretations Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 - Operating Leases-Incentives, Appendix B of Ind AS 17 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption in accordance with Para C8 (c) (ii) to Ind AS 116 with the date of initial application being 1st April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1st April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application

The Company has lease contracts for various items of Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 3.30 - Leases for the accounting policy beginning 1st April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Leases previously classified as Finance Leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from 1st April 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The Right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1st April 2019:

- Right-of-use assets of ₹ 11,370 lakhs were recognised and presented separately in the Balance Sheet.
- Corresponding lease liabilities of ₹ 12,199 lakhs were recognised.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Financial Statements of the Company.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 5 CASH AND CASH EQUIVALENTS		
Cash on hand	329	4,996
Balances with banks		
- In Current Accounts	61,689	34,911
- In Deposit Accounts - Original maturity of 3 months or less	2,84,029	2,66,662
Cheques, drafts on hand	141	7,324
Total	**3,46,188**	**3,13,893**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 6 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
- In Deposit Accounts - Original maturity more than 3 months	3,11,805	1,471
- In earmarked accounts		
- In Unpaid Dividend Accounts	73	68
- Deposits with Banks as collateral towards securitisation loan	37,836	52,045
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**3,49,722**	**53,592**

₹ in lakhs

Particulars	As at 31.03.2020			As at 31.03.2019		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilites	Notional amounts	Fair Value -Assets	Fair Value -Liabilites
Note : 7 DERIVATIVE FINANCIAL INSTRUMENTS						
Part I						
(i)Other derivatives - Cross Currency Interest Rate Swap	2,34,373	11,420	-	2,26,150	8,869	841
Total Derivative financial Instruments	**2,34,373**	**11,420**	**-**	**2,26,150**	**8,869**	**841**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Cash flow hedging:						
Others - Cross currency interest rate swap	2,34,373	11,420	-	2,26,150	8,869	841
Total Derivative financial Instruments	**2,34,373**	**11,420**	**-**	**2,26,150**	**8,869**	**841**

The company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises of Currency and Interest Rate Swap. The company undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 8 RECEIVABLES (Unsecured)		
(i) Trade Receivables		
Considered Good*	661	441
Subtotal (i)	**661**	**441**
(ii) Other Receivables		
Considered Good*	5,213	3,908
Subtotal (ii)	**5,213**	**3,908**
Total (i)+(ii)	**5,874**	**4,349**

* Includes dues from related parties.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 9 LOANS (At amortised cost)		
(A)		
(i) Bills Discounted	8,598	8,860
(ii) Term loans	56,83,972	53,46,438
Total (A) - Gross	**56,92,570**	**53,55,298**
Less: Impairment Allowance for (i) & (ii)	(1,52,297)	(93,071)
Total (A) - Net	**55,40,273**	**52,62,227**
(B)		
(i) Secured	56,63,416	53,03,087
(ii) Unsecured	29,154	52,211
Total (B) - Gross	**56,92,570**	**53,55,298**
Less: Impairment Allowance	(1,52,297)	(93,071)
Total (B) - Net	**55,40,273**	**52,62,227**

All loans are in India granted to individuals or entities other than public sector

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and / or advances generated out of loans.

Term loans includes unsecured short term loans to a subsidiary and associate. These loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created. The details of the same are disclosed below:

Particulars	As at 31.03.2020	As at 31.03.2019
Loan - Outstanding Value		
Cholamandalam Securities Limited	700	1,150
White Data System India Private Limited	340	340
Impairment Allowance		
Cholamandalam Securities Limited	1	1
White Data System India Private Limited	-	-

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 9.1 LOANS

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

₹ in lakhs

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Bills discounted								
Opening as on April 1, 2019	5,367	40	3,453	8,860	13	3	3,157	3,173
New assets originated / Increase in existing assets (Net)	5,123	42	250	5,415	31	4	100	135
Exposure de-recognised / matured / repaid	(5,349)	(39)	(289)	(5,677)	(13)	(3)	(230)	(246)
Transfer to Stage 3	-	-	-	-	-	-	-	-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	146	146
Closing as on March 31, 2020	**5,141**	**43**	**3,414**	**8,598**	**31**	**4**	**3,173**	**3,208**
Term loans								
Opening as on April 1, 2019	49,98,423	2,07,617	1,40,398	53,46,438	18,690	19,724	51,484	89,898
New assets originated / Increase in existing assets (Net)	25,49,193	25,834	9,514	25,84,541	28,640	3,982	4,031	36,653
Exposure de-recognised / matured / repaid	(20,60,871)	(1,13,388)	(48,497)	(22,22,756)	(13,214)	(5,073)	(7,497)	(25,784)
Transfer to Stage 1	59,640	(55,972)	(3,668)	-	6,161	(5,184)	(977)	-
Transfer to Stage 2	(1,84,591)	1,87,214	(2,623)	-	(811)	1,491	(680)	-
Transfer to Stage 3	(76,058)	(42,931)	1,18,989	-	(348)	(3,981)	4,329	-
Impact on account of exposures transferred during the period between stages	139	682	2,562	3,383	232	14,604	32,867	47,703
Impact of changes on items within the same stage	-	-	4,489	4,489	-	-	8,679	8,679
Write off	(16,842)	(7,034)	(8,247)	(32,123)	(259)	(2,221)	(5,580)	(8,060)
Closing as on March 31, 2020	**52,69,033**	**2,02,022**	**2,12,917**	**56,83,972**	**39,091**	**23,342**	**86,656**	**1,49,089**
Bills Discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,005)	(780)	(147)	(10,932)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,367**	**40**	**3,453**	**8,860**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,53,537	1,95,508	1,45,283	42,94,328	17,009	18,436	49,432	84,877
New assets originated / Increase in existing assets (Net)	27,40,754	28,154	5,473	27,74,381	5,732	5,997	1,890	13,619
Exposure de-recognised / matured / repaid	(15,26,858)	(1,13,192)	(55,852)	(16,95,902)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
Closing as on March 31, 2019	**49,98,423**	**2,07,617**	**1,40,398**	**53,46,438**	**18,690**	**19,724**	**51,484**	**89,898**

ECL across stages have been computed on collective basis.

The Company uses Days past due of the customer to determine the credit quality of loans

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 10 INVESTMENTS		
Investment in Equity Instruments*		
a) Subsidiaries at cost		
Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited) 42,400,000 Equity shares of ₹ 10 each fully paid up	4,240	4,240
Cholamandalam Securities Limited 22,500,014 Equity shares of ₹ 10 each fully paid up	2,250	2,250
b) Associate at cost		
White Data System India Private Limited 1,275,917 Equity shares of ₹ 10 each fully paid up (Subsidiary upto September 2018 and Associate from October 2018)	800	800
**c) Others - Unquoted - FVOCI ** **		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up#	-	-
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up#	-	-
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up#	-	-
Chola Insurance Services Private Ltd.19,133 Equity shares of ₹10 each fully paid up	2	2
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only#	-	-
Total	**7,292**	**7,292**

*Investments are made in India

**The Company has designated certain unquoted equity instruments as FVOCI on the basis that these are not held for trading.

represents amount less than Rs 1 lakh.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 11 OTHER FINANCIAL ASSETS		
Unsecured - considered good		
At amortised cost		
Security deposits	2,409	1,905
Other advances (Refer Note 37)	3,136	2,545
Interest only strip receivable	35,782	9,062
Total	**41,327**	**13,512**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2020
Note : 12 DEFERRED TAX		
Deferred Tax Assets		
Impairment allowance for financial instruments	37,741	32,430
Provision for Contingencies and Undrawn commitments	999	1,341
Provision for Compensated Absences and Gratuity	1,285	1,251
Impact of Effective interest rate adjustment on Financial Assets	7,815	9,761
Contract Liability as per IND AS 115	413	995
Depreciation	919	637
Items recognised in OCI	2,762	-
Others	573	367
(A)	**52,507**	**46,782**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	424	856
Items recognised in OCI	-	626
(B)	**424**	**1,482**
Net Deferred Tax Assets (A) - (B)	**52,083**	**45,300**

₹ in lakhs

Particulars	As at 31.03.2020		As at 31.03.2019	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	(5,311)	-	(3,731)	-
Provision for Contingencies and Undrawn commitments	342	-	-	-
Provision for Compensated Absences and Gratuity	(34)	-	(348)	-
Impact of Effective interest rate adjustment on Financial Assets	1,946	-	(3,554)	-
Contract Liability as per IND AS 115	582	-	-	-
Depreciation	(282)	-	107	-
Others	(207)	-	(91)	-
(A)	**(2,964)**	**-**	**(7,617)**	**-**
Deferred Tax Liability				
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.				
Impact of Effective interest rate adjustment on Financial Liabilities	432	-	328	-
Re-measurement gains / (losses) on defined benefit plans (net)	-	125	-	237
Gain on de-recognition of financial assets	-	-	1,404	-
Cashflow Hedge reserve	-	3,261	-	(456)
(B)	**432**	**3,386**	**1,732**	**(219)**
Net deferred tax charge / (reversal) (A) - (B)	**(3,396)**	**(3,386)**	**(9,349)**	**219**

Pursuant to the Taxation Laws (Amendment) Bill 2019, passed on 25th November 2019, the company had exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 ,to compute income tax at revised rate (i.e.25.17%) from current financial year and accordingly, had re-measured deferred tax as at April 1, 2019. The re-measurement has resulted in additional tax expense of Rs 12,845 lakhs in the statement of profit and loss and additional tax benefit of Rs 172 lakhs in other Comprehensive income for the year.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

₹ in lakhs

Particulars	Total
Note : 13 INVESTMENT PROPERTY	
Gross carrying amount as at April 1, 2018	**5**
Additions	**9**
Disposals	-
Gross carrying amount as at March 31, 2019	**14**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2020	**14**
Accumulated depreciation and impairment	
Balance as at April 01, 2018	
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	**-**
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2020	**-**
Net Carrying amount	
As at March 31, 2019	**14**
As at March 31, 2020	**14**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

The Company's investment property consists of 4 properties and has let out one property as at March 31, 2020.

* Addition represents transfer from Property, plant and equipments.

** represents amount less than ₹ 100,000

i) Income earned and expense incurred in connection with investment property

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Rental Income	4	4
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generate the rental income	-	-

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements

Certain investment properties are leased out to tenants under cancellable operating lease.

₹ in lakhs

	As at 31.03.2020	As at 31.03.2019
iv) Fair Value		
Investment Property	299	287

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ in lakhs	Sensitivity ₹ in lakhs
Note : 13 INVESTMENT PROPERTY (Contd.)						
v) Sensitivity analysis						
Investment Property As at March 31, 2020	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5%	299	15
Investment Property As at March 31, 2019	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5%	287	14

₹ in lakhs

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below)		Total
							Own Assets	Right of Use Asset	
Note : 14 PROPERTY, PLANT AND EQUIPMENT									
Gross carrying amount as at April 1, 2018	**3,956**	**3,869**	**1,618**	**1,381**	**2,940**	**1,250**	**2,575**	**-**	**17,589**
Additions	-	1,911	531	445	734	583	-	-	4,204
Disposals	-	4	18	3	19	238	9	-	291
Gross carrying amount as at March 31, 2019	**3,956**	**5,776**	**2,131**	**1,823**	**3,655**	**1,595**	**2,566**	**-**	**21,502**
Additions	-	2,406	709	655	1,280	572	137	14,860	20,619
Disposals	-	8	56	85	40	194	398	-	781
Gross carrying amount as at March 31, 2020	**3,956**	**8,174**	**2,784**	**2,393**	**4,895**	**1,973**	**2,305**	**14,860**	**41,340**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2018	-	1,455	475	659	727	220	48	-	3,584
Depreciation for the year	-	1,753	452	458	746	321	48	-	3,778
Depreciation on disposals	-	2	9	2	6	127	-	-	146
Balance as at March 31, 2019	**-**	**3,206**	**918**	**1,115**	**1,467**	**414**	**96**	**-**	**7,216**
Depreciation for the period	-	2,013	555	635	998	367	425	4,190	9,183
Depreciation on disposals	-	8	42	67	30	113	398	-	658
Balance as at March 31, 2020	**-**	**5,211**	**1,431**	**1,683**	**2,435**	**668**	**123**	**4,190**	**15,741**
Net Carrying amount									
As at March 31, 2019	**3,956**	**2,570**	**1,213**	**708**	**2,188**	**1,181**	**2,470**	**-**	**14,286**
As at March 31, 2020	**3,956**	**2,963**	**1,353**	**710**	**2,460**	**1,305**	**2,182**	**10,670**	**25,599**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation					Straight-line method				

Note

1. Details of Immovable properties of land and buildings (Owned Assets), whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security, has been explained in Note 17.1
2. Disposal in Buildings represents transfer to Investment property.
3. The Company has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

₹ in lakhs

Particulars	Computer Software
Note : 15 INTANGIBLE ASSETS	
Gross carrying amount as at April 1, 2018	**3,406**
Additions	1,676
Disposals	-
Gross carrying amount as at March 31, 2019	**5,082**
Additions	1,340
Disposals	202
Gross carrying amount as at March 31, 2020	**6,220**
Accumulated Amortization and impairment	
Balance as at April 1, 2018	**1,336**
Amortization for the year	1,770
Amortization on disposals	-
Balance as at March 31, 2019	**3,106**
Amortization for the period	1,571
Amortization on disposals	204
Balance as at March 31, 2020	**4,473**
Net Carrying amount	
As at March 31, 2019	**1,976**
As at March 31, 2020	**1,747**
Useful Life of the asset (In Years)	**3**
Method of depreciation	Straight line method

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 16 OTHER NON FINANCIAL ASSETS		
Prepaid expenses	1,422	1,146
Capital advances	109	225
Total	**1,531**	**1,371**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 17 DEBT SECURITIES (at amortised cost)		
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	5,74,418	10,54,445
Commercial Papers - Unsecured	1,58,265	3,63,986
Total	**7,32,683**	**14,18,431**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 17 DEBT SECURITIES (at amortised cost) (Contd.)

All debt securities in india

17.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and pari passu charge on immovable property which are owned assets of the Company situated at Chennai.

(ii) The Company has not defaulted in the repayment of dues to its lenders.

17.2 Details of Debentures - Contractual principal repayment value

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2020 ₹ in lakhs	31.03.2019 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	15,000	Apr-24	8.62
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,350	10,00,000	13,500	-	Feb-23	7.41
1,000	10,00,000	10,000	-	Dec-22	7.98
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	35,230	Sep-21	8.45
1,250	10,00,000	12,500	-	Aug-21	8
2,550	10,00,000	25,500	25,500	Jul-21	9.06
4,010	10,00,000	40,100	20,000	Jun-21	8.49 to 8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.0874
1,500	10,00,000	15,000	-	Mar-21	8.85
600	10,00,000	6,000	6,000	Feb-21	9.09
1,350	10,00,000	13,500	-	Jan-21	8.11
3,500	10,00,000	35,000	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	48,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.11 to 9.02
500	10,00,000	-	5,000	Mar-20	9.02
9,850	10,00,000	-	98,500	Feb-20	7.97 to 8.85
5,500	10,00,000	-	55,000	Dec-19	7.97
2,750	10,00,000	-	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	-	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	-	58,500	Sep-19	8.06 to 8.46
2,250	10,00,000	-	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	-	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	-	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	-	67,500	May-19	8.03 to 9.20
1,100	10,00,000	-	11,000	Apr-19	8.00 to 9.20
		4,62,990	**8,81,890**		

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

17.2 Details of Debentures - Contractual principal repayment value (Contd.)

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2020 ₹ in lakhs	31.03.2019 ₹ in lakhs			
500	10,00,000	5,000	-	Jan-23	12,54,470	2,54,470
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	11,500	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	-	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	-	800	Jul-19	12,98,729	2,98,729
500	10,00,000	-	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	-	800	Apr-19	13,08,150	3,08,150
250	10,00,000	-	2,500	Apr-19	13,13,730	3,13,730
		72,900	**84,500**			

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Put option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Put option date	Rate of interest %
		31.03.2020 ₹ in lakhs	31.03.2019 ₹ in lakhs			
15	10,00,000	-	150	Mar-21	Feb-20	8.85
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		100	**250**			

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 18 BORROWINGS (Other than Debt Securities) at amortised cost		
a) Term Loans		
i) a) From Banks - Secured		
Rupee Loans	34,41,247	21,97,592
Foreign currency Loans	11,788	2,00,467
External Commercial Borrowings	2,47,326	34,629
i) b) From Banks - Unsecured		
Short term loans	-	15,000
ii) From Other Parties - Secured		
Financial Institutions - Rupee Loans	1,63,258	93,481
Securitisation - Rupee Loans	4,63,131	5,49,261
b) Loan repayable on demand - Secured from Banks - Rupee Loans	558	1,21,945
Total	**43,27,308**	**32,12,375**
Borrowings within India	40,79,982	31,77,746
Borrowings Outside India	2,47,326	34,629

18.1 Security

(i) Secured term loans from banks and financial institution are secured by way of specific /pari passu charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(ii) Loan repayable on demand is in the nature of Cash Credit from banks and is secured by way of floating charge on assets under hypothecation and other assets.

(iii) The Company has not defaulted in the repayment of dues to its lenders.

(iv) Securitisation rupee loan represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to Deed of Assignment. The Company has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee and also Refer note 6

18.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2020	31.03.2019
Base Rate / MCLR	< 1year	1	1,05,833	21,000
		2	1,38,750	-
		3	57,188	12,000
		4	53,334	20,000
		8	60,000	-
	1 - 2 years	1	92,917	60,000
		2	96,667	-
		4	1,92,084	60,000
		8	60,000	-
	2 - 3 years	1	1,30,000	40,000
		2	2,48,751	-
		3	-	15,000
		4	79,582	-
		8	60,000	-
	3 - 4 years	1	8,333	-
		2	1,63,334	-
		4	60,000	-
		6	-	1,00,000
		8	60,000	-
		16	-	25,000
	4 - 5 years	1	21,665	-
		2	90,000	-

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

18.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2020	Amount outstanding 31.03.2019
		4	40,000	-
		6	-	80,000
		7	9,375	-
	> 5 Years	1	5,000	-
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	3,37,500	52,000
		4	80,000	-
	1 - 2 years	1	4,92,500	3,10,000
		3	18,750	-
		4	72,500	50,000
		6	12,500	-
	2 - 3 years	1	18,750	5,20,000
		2	30,000	-
		4	72,500	1,00,000
		6	12,500	-
		8	-	1,00,000
	3 - 4 years	1	12,500	1,00,000
		2	30,000	-
		4	72,500	-
		6	12,500	-
	4- 5 years	10	-	1,00,000
		20	-	3,00,000
	>5 Years	2	5,000	-
Rate based on T Bill + Spread	< 1 year	1	74,400	5,000
		2	32,500	-
	1 - 2 years	1	29,400	20,000
		3	-	3,000
		4	25,000	-
		5	-	8,334
	2 - 3 years	1	29,400	-
		2	12,500	-
		4	-	-
	3 - 4 years	3	-	28,200
Fixed Rate	< 1year	1	-	74,000
		2	12,200	-
		4	28,000	-
	1 - 2 years	2	6,000	-
		4	40,400	-
	2 - 3 years	4	39,400	-
		10	-	30,000
		4	24,400	-
		16	-	63,000
	4 - 5 years	2	12,100	-
3Months Repo	< 1year	4	18,000	-
	1 - 2 years	1	30,000	-
		8	36,000	-
	2 - 3 years	8	36,000	30,000
Total			**35,98,513**	**23,26,534**
USD 2Y MIBOR + Spread	< 1year	1	4,000	-
	1-2 years	1	-	4,000
USD 3M LIBOR + Spread	< 1year	2	11,668	-
	1-2 years	5	-	20,000
USD 6M LIBOR + Spread	< 1year	1	-	1,47,500

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

18.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2020	31.03.2019
	1-2 years	1	37,830	-
	2-3 years	1	1,36,188	34,650
	4 - 5 years	1	69,607	-
Total			**2,59,293**	**2,06,150**

Details of Securitised loan

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2020	31.03.2019
	Less than 1 year		1,58,012	1,90,854
Fixed	1-2 year		1,24,382	1,26,195
(4.9% to 8%)	2-3 year		54,213	56,971
	3-4 year		15,261	13,886
	4-5 year		5,593	6,506
	more than 5 years		17,222	26,700
Total			**3,74,683**	**4,21,112**
	Less than 1 year		6,753	11,287
Floating	1-2 year		7,928	11,921
Base Rate/ MCLR - spread	2-3 year		8,439	12,280
(0.75% to 2.65%)	3-4 year		9,088	12,060
	4-5 year		9,411	12,319
	more than 5 years		46,706	66,786
Total			**88,325**	**1,26,653**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

18.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 19 SUBORDINATED LIABILITIES (at amortised cost)		
Perpetual Debt - Unsecured	1,49,597	1,44,179
Subordinated Debt - Unsecured		
a) Rupee Denominated Bonds	40,677	-
b) Other Subordinated Debts	2,50,278	2,81,689
Total	**4,40,552**	**4,25,868**

i) All Subordinated liabilities have been contracted in India except for Rupee denominated bonds issued for ₹ 40,677 lakhs in FY19-20.

ii) The Company has not defaulted in the repayment of dues to its lenders.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

19.1 Details of Subordinated Liabilities - Contractual principal repayment value

(i) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Maturity Date - Perpetual	Rate of interest %
400	1,00,00,000	40,000	-	Jan-30	9.25
3000	10,00,000	30,000	30,000	Aug-28	9.75
5300	10,00,000	53,000	53,000	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	-	7,500	Dec-19	11.50
700	10,00,000	-	7,000	Jun-19	11.40
1,500	10,00,000	-	15,000	May-19	11.70 to 11.75
		2,79,150	**2,68,650**		

(ii) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt -Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

19.1 Details of Subordinated Liabilities - Contractual principal repayment value (Contd.)

(iii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Maturity Date - Perpetual	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
1000	5,00,000	5,000	-	Dec-29	10.75
1120	5,00,000	5,600	5,600	Mar-29	10.83
5000	5,00,000	25,000	25,000	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,45,670	**1,40,670**		

Company can redeem using Call option on the maturity date with prior approval of RBI.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 20 OTHER FINANCIAL LIABILITIES		
Unpaid dividend	73	68
Advance from customers	1,758	1,789
Security deposits received	216	221
Collections towards derecognised assets pending remittance	15,955	4,607
Other liabilities	8,577	14,522
Lease liability (Refer note 48)	12,042	-
Total	**38,621**	**21,207**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 21 PROVISIONS		
Provision for Employee Benefits		
- Compensated Absences	5,107	3,514
	5,107	**3,514**
Other Provisions		
Provision for contingencies and service tax claims (Refer note 39)	3,838	3,837
Provision for expected credit loss towards undrawn commitments (Refer Note 39)	131	51
	3,969	**3,888**
Total	**9,076**	**7,402**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 22 OTHER NON FINANCIAL LIABILITIES		
Income received in advance	1,712	2,303
Others	955	834
Statutory liabilities	974	2,159
Total	**3,641**	**5,296**

₹ in lakhs

Particulars	As at 31.03.2020		As at 31.03.2019	
	Nos.	Amount	Nos.	Amount
Note : 23 A) EQUITY SHARE CAPITAL*				
AUTHORISED				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	1,20,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**
ISSUED				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	82,02,61,529	16,405	15,64,95,867	15,650
		16,405		**15,650**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	81,95,77,759	16,391	15,63,59,113	15,636
Add : Forfeited Shares	6,54,500	7	1,30,900	7
		16,398		**15,643**

*During the current period, shares of face value of ₹ 10/- have been split into 5 equity shares of face value of ₹ 2/- each

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

₹ in lakhs

	As at 31.03.2020		As at 31.03.2019	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the year (₹10/- each)	15,63,59,113	15,636	15,63,31,371	15,633
Additional shares pursuant to share split	62,54,36,452	-	-	-
Issued during the year				
a) Qualified institutional Placement	2,81,25,000	563		
b) Preferential Issue to the holding company	93,45,794	187		
c) Employees Stock Option (ESOP) Scheme	3,11,400	5	27,742	3
Outstanding at the end of the year - ₹2/- each (PY ₹10/- each)	**81,95,77,759**	**16,391**	**15,63,59,113**	**15,636**
Forfeited shares				
Equity Shares - Amount originally paid up	6,54,500	7	1,30,900	7

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 23 A) EQUITY SHARE CAPITAL (Contd.)

a) Terms/rights attached to Equity shares

The Company has only one class of equity shares having a par value of ₹ 2 (March 2019 -₹10)per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

b) Equity Shares held by Holding Company

	As at 31.03.2020	As at 31.03.2019
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited") - Holding Company	37,28,85,889	7,25,33,019

c) Details of shareholding more than 5% shares in the Company

Equity Shares ₹ in lakhs

	As at 31.03.2020		As at 31.03.2019	
	Nos.	% holding in the class	Nos.	% holding in the class
Cholamandalam Financial Holdings Limited - Holding Company	37,28,85,889	45.50	7,25,33,019	46.39

* During the current period, shares of face value of Rs 10/- have been split into 5 equity shares of face value of ₹ 2/- each.

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d) Issue of Shares on preferential basis and Qualified institutional placements

On January 31, 2020 the Company alloted 2,81,25,000 equity shares of ₹ 2 each at a premium of ₹ 318 per share aggregating to ₹ 90,000 lakhs to eligbile investors through Qualified institutional placement.

On March 9, 2020 the Company alloted 93,45,794 equity shares of ₹ 2 each at a premium of ₹ 319 per share aggregating to ₹ 30,000 lakhs to the holding company under preferential allotment route.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 23 B) OTHER EQUITY		
Statutory Reserve (Refer Note a)		
Balance at the beginning of the year	1,06,046	82,046
Add: Amount transferred from retained earnings	22,000	24,000
Closing balance at the end of the year	**1,28,046**	**1,06,046**
Capital Reserve (Refer Note b)		
Balance at the beginning of the year	4	4
Add: Changes during the year	-	-
Closing balance at the end of the year	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the year	3,300	3,300
Add: Changes during the year	-	-
Closing balance at the end of the year	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the year	1,66,849	1,66,679
Add: Premium on issue of shares on preferential basis (Refer note 23A)	29,813	-
Add: Premium on issue of shares on Qualified Institutional placement) (Refer note 23A)	89,438	-
Add: Premium on ESOPs exercised	499	170
Less: Share issue expenses (Refer Note 32)	(921)	-
Closing balance at the end of the year	**2,85,678**	**1,66,849**
General Reserve (Refer Note e)		
Balance at the beginning of the year	2,48,777	1,88,777

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 23 B) OTHER EQUITY (Contd.)

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Add: Amount transferred from retained earnings	50,000	60,000
Closing balance at the end of the year	**2,98,777**	**2,48,777**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the year	1,861	1,046
Addition during the year	1,156	815
Closing balance at the end of the year	**3,017**	**1,861**
Retained Earnings (Refer Note g)		
Balance at the beginning of the year	76,450	54,528
Profit for the year	1,05,237	1,18,615
Less:		
Dividend	-	-
Equity - Final	(8,798)	(3,127)
Equity - Interim	(7,819)	(7,036)
Distribution tax on Equity Dividend	(3,415)	(2,089)
Transfer to Statutory Reserve	(22,000)	(24,000)
Transfer to General Reserve	(50,000)	(60,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(374)	(441)
Closing balance at the end of the year	**89,281**	**76,450**
Cash flow hedge reserve (Refer Note h)		
Balance at the beginning of the year	(1,227)	(2,077)
Addition	(5,971)	850
Closing balance at the end of the year	**(7,198)**	**(1,227)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the year	(129)	(129)
Addition	-	-
Closing balance at the end of the year	**(129)**	**(129)**
Share Application Money pending Allotment at the end of the year (Refer Note j)	**10**	**-**
Total Other Equity	**8,00,786**	**6,01,931**

a) Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit annually as disclosed in the Statement of Profit and Loss account, before any dividend is declared. During the current year ended March 31, 2020, the Company has transferred an amount of Rs 22,000 lakhs to the reserve created as per these provisions.

b) Capital reserve represents the reserve created on account of amalgamation of Chola Factoring Limited in the year 2013-14.

c) Capital redemption reserve represents the amount equal to the nominal value of shares that were redeemed during the prior years. The reserve can be utilized only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

d) Securities premium reserve is used to record the premium on issue of shares. The premium received during the period represents the premium received towards allotment of equity shares issued under Qualified institutional placement, Preferential allotment to holding company and ESOP scheme. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the Section 52 of the Companies Act, 2013.

e) The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

f) Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service.

g) The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial position of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported in retained earnings are not distributable in entirety.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 23 B) OTHER EQUITY (Contd.)

h) Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

i) FVOCI Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income.

j) Share application money pending allotment as at March 31, 2020 represents amount received towards 5,000 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
REVENUE FROM OPERATIONS		
Note :24A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
-Bills Discounting	721	1,027
-Term loans	7,83,449	6,48,596
(b) Bank Deposits		
-Bank Deposits under lien	3,845	4,384
-Other Bank Deposits free of lien	20,440	3,544
(C) Other Deposits		
- Deposits with Financial Institutions	3,961	-
Total (A)	**8,12,416**	**6,57,551**
Note :24B		
(i) Fee Income*		
Total (B)	**18,987**	**17,606**
***Services are rendered at a point in time**		
Note :24C		
Net gain on fair value changes on FVTPL - Realised		
Income from mutual funds	1,563	6,328
Total (C)	**1,563**	**6,328**
Note :24D		
(i)Sale of Services		
(a) Servicing and Collection fee on Assignment	485	242
(b) Other Service Income	7,085	8,800
Total (D)	**7,570**	**9,042**
Note: Timing of revenue recognition		
Services rendered at a point in time	6,970	8,194
Services rendered over a time	600	606
Total	**7,570**	**8,800**

Details related to services rendered over a time

a) Contract balances

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Contract Liabilities	1,641	2,241

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 24 REVENUE FROM OPERATIONS (Contd.)

b) Movement in Contract liability during the period as follows

₹ in lakhs

Particulars	31.03.2020	31.03.2019
Contract liability at the beginning of the period	2,241	2,847
Revenue Recognised during the period	600	606
Contract liability at the end of the period	1,641	2,241

c) Total Revenue from Customer

₹ in lakhs

Particulars	31.03.2020	31.03.2019
Total Revenue from contracts with Customer*	26,557	26,648

*Represents fee income (note 24B) and sale of services (note 24 D)

d) Due to Company's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2019)

f) Performance Obligation:

- Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee representative.
- Other Service Income: To enable space for advertising at the branches and other related services.

g) There are no significant return / refund / other obligations for any of the above mentioned services.

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 25 OTHER INCOME		
Dividend Income*	0	0
Rent	17	29
Miscellaneous Income	9	38
Total	**26**	**67**

* represents amount less than ₹ 50,000

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 26 FINANCE COST		
Interest on financial liabilities measured at amortised cost		
- Debt securities	1,01,821	1,27,527
- Borrowings other than debt securities	3,12,331	1,89,356
- Subordinated liabilities	42,567	40,621
Others		
- Bank charges	1,351	1,370
- Interest on lease liability	1,153	-
Total	**4,59,223**	**3,58,874**

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
Loss Assets Written Off (Net) / disposal of re-possessed assets*	30,427	24,245
Impairment provision - Loans - measured at amortised cost	59,306	6,875
Total	**89,733**	**31,120**

*Includes Loss on disposal of repossessed vehicles - Gross - ₹ 5,304 lakhs for the year ended March 31, 2020 (₹ 9,959 lakhs - March 31, 2019)

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 28 EMPLOYEE BENEFITS EXPENSES		
Salaries, bonus and commission	58,419	53,553
Contribution to provident and other funds		
- Employees' provident fund	2,849	2,181
- Superannuation fund	333	256
Share based payment Expense	1,153	798
Gratuity expense (Refer note 35)	962	670
Staff welfare expenses	1,784	1,600
Total	**65,500**	**59,058**

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 29 OTHER EXPENSES		
Rent and facility charges	1,262	5,278
Rates and taxes	1,114	666
Energy cost	1,421	1,190
Repairs and maintenance	426	297
Communication costs	3,050	2,546
Printing and stationery	1,456	1,206
Advertisement and publicity expenses	1,454	1,599
Directors fees, allowances and expenses	86	78
Auditors' remuneration (Refer note 32)	151	63
Legal and professional charges	4,457	3,212
Insurance	1,534	1,154
Travelling and conveyance	5,625	4,585
Information technology expenses	2,424	2,456
Loss on sale of property, plant and equipment(Net)	13	13
Recovery charges	28,959	20,294
Corporate social responsibility expenditure (Refer note 29.1)	2,888	2,305
Outsource cost	23,976	15,245
Miscellaneous expenses (Refer note 29.2)	1,443	411
	81,739	62,598
Less : Expenses recovered	(233)	(249)
Total	**81,506**	**62,349**

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
29.1 Details of CSR expenditure		
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,887	2,305
Amount spent during the year		
(a) Construction/ acquisition of asset	-	
(b) Others	2,888	2,305

29.2 Donation to Electoral Trust	500	-

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 30

a) Earnings Per Share

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Profit After Tax (₹ in lakhs)	**1,05,237**	**1,18,615**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**1,05,237**	**1,18,615**
Weighted Average Number of Equity Shares (Basic)	78,71,82,549	78,17,31,200
Add: Dilutive effect relating to ESOP/CCPS	8,80,135	5,77,995
Weighted Average Number of Equity Shares (Diluted)	78,80,62,834	78,23,09,195
Earnings per Share - Basic (₹)	**13.37**	**15.17**
Earnings per Share - Diluted (₹)	**13.35**	**15.16**
Face Value Per Share (₹)	2.00	2.00

Note:

Earnings per Share calculations are done in accordance with Ind AS 33 "Earnings per Share". Equity shares have been divided into face value of ₹ 2 per share in pursuant to resolution passed through a postal ballot for which the results have been declared on June 3, 2019 and consequently, the number of equity shares for the year ended March 31, 2019 have been retrospectively adjusted as required by Ind AS 33.

b) Income tax reconciliation

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March 2020 and 2019 is, as follows:

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Accounting profit before tax from continuing operations	1,58,573	1,82,315
Income tax rate of 25.17% (31 March 2019: 34.944%)	39,913	63,708
Effects of:		
Impact of difference in tax base for Donations and CSR Expense	324	461
Share based payment expense – No deduction claimed under tax	290	279
Impact of deduction u/s 35(1)(ii)	-	(189)
Impact Deduction u/s 80JJA	(19)	(360)
Other Adjustments	(17)	(199)
Enacted tax rate on opening Deferred tax asset	12,845	-
Income tax expense reported in statement of profit and loss	53,336	63,700

The effective income tax rate for 31 March 2020 is 25.17% (31 March 2019: 34.944%).

Note : 31 TRANSFER OF FINANCIAL ASSETS

31.1 Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

A) Securitisation

The company has Securitised certain loans, however the company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in its entirety.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 31 TRANSFER OF FINANCIAL ASSETS (Contd.)

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost	4,92,803	5,64,273
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,63,131	5,49,261
Fair value of assets	4,85,991	5,87,198
Fair value of associated liabilities	4,65,551	5,50,860
Net position at Fair Value	20,440	36,338

B) Direct bilateral assignment

The Company has transferred certain loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Assignment		
Carrying amount of de-recognised financial asset	5,12,585	1,67,117
Carrying amount of Retained Assets at amortised cost	55,789	19,020

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Assignment		
Gain on sale of the de-recognised financial asset	24,727	8,670

31.2 Transferred financial assets that are derecognised in their entirety but where the company has continuing involvement

The company has not transferred any assets that are derecognised in their entirety where the company continues to have continuing involvement.

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 32 AUDITORS' REMUNERATION		
Statutory Audit	47	39
Interim Audit	40	-
Limited Review	10	14
Tax Audit	4	4
Other Services	34	-
Reimbursement of Expenses (incl. input tax credit expensed)	16	6
Total	**151**	**63**
Other services not covered in auditor remuneration		
Fees paid for services in connection with Qualified institutional placement and preferential allotment	160	-
Reimbursement of Expenses (incl. input tax credit expensed)	14	-

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 33 MICRO, SMALL & MEDIUM ENTERPRISES

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at 31 March 2020 and as at 31 March 2019.

The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Principal amount due to suppliers under MSMED Act, as at the year end	70	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

Note : 34

a) Expenditure in Foreign Currencies

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Travel	3	18
Membership fees	3	2
Interest on borrowings	9,837	28
License fees	53	47
Professional charges	349	178

b) Remittances in Foreign Currencies

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Purchase of fixed assets	1,112	985
Borrowing origination costs	2,695	4

c) There is no dividend paid in foreign currency.

Note : 35 RETIREMENT BENEFIT

A) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the year, the Company recognised Rs 2,849 lakhs (Previous Year - Rs 2,181 lakhs) to Provident Fund under Defined Contribution Plan, Rs 333 lakhs (Previous Year - Rs 256 lakhs) for Contributions to Superannuation Fund and Rs 106 lakhs (Previous Year - Rs 208 lakhs) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

The Company's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 35 RETIREMENT BENEFIT (Contd.)

Change in Defined Benefit Obligation and Fair value of Plan assets:

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Defined Benefit Obligation at the beginning of the year	**4,457**	**3,063**
Current Service Cost	891	695
Interest Cost	326	233
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	312	83
b) Effect of experience adjustments	165	525
c) Changes in demographic assumptions	0	-
Benefits paid	(162)	(146)
Transfer in / Out	-	4
Defined Benefit Obligation at the end of the year	**5,989**	**4,457**
Change in Fair Value Plan Assets		
Fair Value of Plan Assets at the Beginning of the year	3,481	3,398
Expected Returns on Plan Assets	255	258
Employer's Contribution	1023	37
Benefits Paid	(162)	(146)
Return on plan assets (excluding amount recognized in net interest expense)	(22)	(70)
Transfer in / Out	-	4
Fair Value of Plan Assets at the end of the year	**4,575**	**3,481**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the year	4,575	3,481
Defined Benefit Obligation at the End of the year	(5,989)	(4,457)
Amount Recognised in the Balance Sheet	**(1,414)**	**(974)**
Cost of the Defined Benefit Plan for the year		
Current Service Cost	891	695
Net interest expense	326	233
Expected Return on Plan Assets	(255)	(258)
Net Cost recognized in the statement of Profit and Loss	**962**	**670**
Remeasurement Losses / (Gains)		
a) Effect of changes in financial assumptions	312	83
b) Effect of experience adjustments	165	525
c) Changes in demographic assumptions	0	-
d) Return on plan assets (excluding interest income)	22	70
Net cost recognised in Other Comprehensive Income	**499**	**678**
Assumptions		
Discount Rate	6.45% p.a.	7.30% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a	13% p.a
- Others	13% p.a.	13% p.a.
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the subsequent periods: (valued on discounted basis)		
Within the next 12 months (next annual reporting period)	643	536
Between 2 and 5 years	2,937	2,234
Between 5 and 10 years	2,782	2,202
Beyond 10 Years	3,363	2,758
Total Expected Cash flows	**9,725**	**7,730**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 35 RETIREMENT BENEFIT (Contd.)

₹ in lakhs

Particulars	31.03.2020		31.03.2019	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis:				
Discount Rate (+/- 1%)	5,623	6,394	4,189	4,754
Salary Growth Rate (+/- 1%)	6,347	5,652	4,725	4,204
Attrition Rate (+/- 50% of attrition rates)	5,787	6,253	4,342	4,574
Mortality Rate (+/- 10% of mortality rates)	5,987	5,987	4,456	4,456

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Company's best estimate of contribution during the next year is ₹ 2,396 lakhs.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Assumptions	Year ended 31.03.2020	Year ended 31.03.2019
Discount Rate	6.45% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
Senior management	13% p.a.	13% p.a.
Middle management	13% p.a.	13% p.a.
Others	13% p.a.	13% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2020.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

Note : 36 SEGMENT INFORMATION

The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India

During year ending 31 March 2020, For management purposes, the Company has been organised into three operating segments based on products and services, as follows

Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipment and loan to automobile dealers.

Home equity - Loans to customer against immovable property

Other loans - This includes loans given for acquisition of residential property, loan against shares and other unsecured loans

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on a entity as whole basis and are not allocated to operating segments.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 36 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Year ended March 31, 2020				
	Vehicle finance	Home equity	Others	Unallocable	Total
Revenue from Operations					
Interest Income	6,26,829	1,25,291	31,983	28,313	**8,12,416**
Net gain on derecognition of financial instruments under amortised cost category	9,303	6,180	9,244	-	**24,727**
Fee Income	16,722	2,003	217	45	**18,987**
- Net gain on Fair value change on financial instrument	-	-	-	1,563	**1,563**
Sale of Services	6,560	731	279	-	**7,570**
Segment revenue from Operations (I)	**6,59,414**	**1,34,205**	**41,723**	**29,921**	**8,65,263**
Other income (II)	-	-	-	26	**26**
Total Segment Income - (I) + (II)	**6,59,414**	**1,34,205**	**41,723**	**29,947**	**8,65,289**
Expenses					
Finance costs	3,47,457	79,477	18,300	13,989	**4,59,223**
Impairment of Financial Instruments	77,581	9,591	1,826	735	**89,733**
Employee benefits expense	54,205	6,916	4,175	204	**65,500**
Depreciation and amortisation expense	9,068	992	320	374	**10,754**
Other expenses	68,481	5,610	3,570	3,845	**81,506**
Segment Expenses	**5,56,792**	**1,02,586**	**28,191**	**19,147**	**7,06,716**
Segment Profit / (loss) before taxation	**1,02,622**	**31,619**	**13,532**	**10,800**	**1,58,573**
Tax expense					**53,336**
Profit for the year					**1,05,237**

₹ in lakhs

Particulars	Year ended March 31, 2019				
	Vehicle finance	Home equity	Others	Unallocable	Total
Revenue from Operations					
- Interest Income	5,19,129	1,08,421	22,007	7,994	**6,57,551**
- Net gain on derecognition of financial instruments under amortised cost category	-	8,670	-	-	**8,670**
- Fee Income	15,788	1,711	108	(1)	**17,606**
- Net gain on Fair value change on financial instrument	-	-	-	6,328	**6,328**
- Sale of Services	8,064	237	121	620	**9,042**
Segment revenue from Operations (I)	**5,42,981**	**1,19,039**	**22,236**	**14,941**	**6,99,197**
- Other income (II)	-	-	-	67	**67**
Total Segment Income - (I) + (II)	**5,42,981**	**1,19,039**	**22,236**	**15,008**	**6,99,264**
Expenses					
- Finance costs	2,80,602	70,732	12,227	(4,687)	**3,58,874**
- Impairment of Financial Instruments	27,291	(433)	4,262	-	**31,120**
- Employee benefits expense	50,552	5,287	3,026	193	**59,058**
- Depreciation and amortisation expense	4,962	513	73	-	**5,548**
- Other expenses	52,667	5,228	2,117	2,337	**62,349**
Segment Expenses	**4,16,074**	**81,327**	**21,705**	**(2,157)**	**5,16,949**
Segment Profit / (loss) before taxation	**1,26,907**	**37,712**	**531**	**17,165**	**1,82,315**
Tax expense					**63,700**
Profit for the year					**1,18,615**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 36 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on March 31, 2020					
Segment Assets	42,15,030	10,53,555	2,70,650		**55,39,235**
Unallocable Assets				8,60,069	**8,60,069**
Total Assets					**63,99,304**
Segment Liabilities	36,76,775	9,19,017	2,36,087		**48,31,879**
Unallocable Liabilities				7,50,241	**7,50,241**
Total Liabilities					**55,82,120**
As on March 31, 2019					
Segment Assets	40,60,588	9,95,439	2,04,706		**52,60,733**
Unallocable Assets				4,81,897	**4,81,897**
Total Assets					**57,42,630**
Segment Liabilities	36,70,570	9,00,231	1,86,772		**47,57,573**
Unallocable Liabilities				3,67,483	**3,67,483**
Total Liabilities					**51,25,056**

In computing the segment information, certain estimates and assumptions have been made by the management, which have been relied upon.

As the asset are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Company's total revenue in the Current year and Previous year.

Note : 37 RELATED PARTY DISCLOSURES

List of Related Parties

- **Holding Company :** Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Company Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk Services Limited
- **Subsidiaries:** Cholamandalam Securities Limited, Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited), White Data Systems India Private Limited (upto September 2018)
- **Associate :** White Data Systems India Private Limited (Effective October 2018)
- **Key Managerial Personnel:**
  a. Mr. N. Srinivasan, Executive Vice Chairman and Managing Director (upto August 18, 2018);
  b. Mr. Arun Alagappan, Executive Director (From August 19, 2017) and Managing Director (From November 15, 2019)
  c. Mr. D. Arulselvan, Chief Financial Officer
  d. Ms. P. Sujatha, Company Secretary
  e. Mr. Ravindra Kumar Kundu, Executive Director (From January 23, 2020)

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

- **Non-Executive Directors**
  - a) Mr. M B N Rao (upto July 26, 2018)
  - b) Mr. V. Srinivasa Rangan (upto March 31, 2019)
  - c) Ms. Bharati Rao (up to July 30, 2019)
  - d) Mr. Ashok Kumar Barat
  - e) Mr. M.M. Murugappan (From May 31, 2018)
  - f) Mr. N Ramesh Rajan (From October 30, 2018)
  - g) Mr. Rohan Verma (From March 25, 2019)
  - h) Ms. Bhama Krishnamurthy (From July 30, 2019)

Note:

Related party relationships are as identified by the Management and relied upon by the Auditors

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 37 a) TRANSACTIONS DURING THE YEAR		
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	7,634	4,709
b) Ambadi Investments Limited	708	456
c) Parry Enterprises Limited	0*	0*
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	100	73
b) Cholamandalam Securities Limited	94	88
c) Cholamandalam Home Finance Limited	3,898	3,556
d) Cholamandalam MS General Insurance company Limited	18	28
e) White Data Systems India Private Limited	-	16
Expenses – Reimbursed		
a) Cholamandalam Securities Limited	15	9
b) Cholamandalam MS General Insurance Company Limited	2	-
c) Cholamandalam Home Finance Limited	77	-
Services Received		
a) Cholamandalam Securities Limited	3	6
b) White Data Systems India Private Limited	32	33
c) Ambadi Investments Limited	-	0*
d) Parry Enterprises Limited	714	748
e) Parry Agro Limited	-	2
f) CE Info systems Private Limited	6	-
g) Cholamandalam MS General Insurance Company Limited	164	124
Expense recovered – Rent		
a) Cholamandalam Securities Limited	77	60
b) Cholamandalam MS General Insurance company Limited	42	56
c) Parry Enterprises Limited	1	1
d) Cholamandalam MS Risk Services Limited	0*	0*
Rental Expense		
a) Cholamandalam Home Finance Limited	90	8

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Loans given		
a) Cholamandalam Securities Limited	17,650	15,300
b) White Data Systems India Private Limited	340	900
Loans recovered		
a) Cholamandalam Securities Limited	18,100	14,150
b) White Data Systems India Private Limited	340	572
Interest Income		
a) Cholamandalam Securities Limited	37	47
b) White Data Systems India Private Limited	28	18
Loans availed		
a) Cholamandalam Home Finance Limited	25,050	41,550
Loans repaid		
a) Cholamandalam Home Finance Limited	25,050	41,550
Interest Expense		
a) Cholamandalam Home Finance Limited	95	186
b) Cholamandalam MS General Insurance Company Limited	1,696	1,991
Commission and Sitting fees to non-executive Directors	87	68

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 37 d) BALANCES OUTSTANDING AT THE YEAR END		
Rental Deposit Receivable / (Payable)		
a) Cholamandalam MS General Insurance Company Limited	-	(21)
Loans - Receivable		
a) Cholamandalam Securities Limited	700	1,150
b) White Data Systems India Private Limited	340	340
Debt Securities – Payable		
a) Cholamandalam MS General Insurance Company Limited	(19,070)	(22,249)
Other Receivable / (Payable)		
a) Cholamandalam Financial Holdings Limited	-	-
b) Cholamandalam Securities Limited	1	1
c) Cholamandalam Home Finance Limited	140	282
d) Cholamandalam MS General Insurance Company Limited	16	43
e) White Data Systems India Private Limited	(7)	-
f) Parry Enterprises Limited	1	-
g) Cholamandalam MS Risk services Limited	0*	-
h) Key Managerial Personnel	2	NA

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
Note : 37 e) KEY MANAGERIAL PERSONNEL		
Short- term employee benefits	656	799
Post-employment pension (defined Contribution)	66	81
Dividend Payments	24	16
Share based payments	48	56

* Represents amounts less than ₹ 1 lakh

Disclosure pursuant to Schedule V of Clause A.2 of Regulation 34 (3) and Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I. Disclosures relating Loans and Advances /Investments

₹ in lakhs

Sl No.	Loans and Advances in the nature of Loans	Maximum Amount Outstanding during year March 2020	Maximum Amount Outstanding during year March 2019
(A)	To Subsidiaries		
	- Cholamandalam Securities Limited	2,500	2,600
	- Cholamandalam Home Finance Limited	2,200	-
(B)	To Associates		
	- White Data Systems India Private Limited	340	919

II. Cholamandalam Financial Holdings Limited (CFHL), promoter-group company holds 46% of equity shares of the company. Disclosure relating to transactions with CFHL is given above.

Note : 38 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Income tax and Interest on Tax issues where the Company has gone on appeal	23,104	17,316
Decided in the Company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,898	21,292
Sales Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	2,660	5,081
Service Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	19,978	19,978
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	8,526	6,741

i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.

ii) It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.

iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.

iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 38 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

(b) Commitments

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital commitments	2,766	1,619
Disbursements - Undrawn lines	84,535	73,345

(c) The Supreme Court had passed judgement on 28th February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. The Company has complied the same on prospective basis from the date of the SC order.

Note : 39 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2019	Additional Provision	Utilisation/ Reversal	As at 31.03.2020
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Undrawn commitments	51	80	-	131

Particulars	As at 31.03.2018	Additional Provision	Utilisation/ Reversal	As at 31.03.2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Undrawn commitments	12	39	-	51

Undrawn loan commitments are commitments under which the Group is required to provide a loan under pre-sanctioned terms to the customer.

The undrawn commitments provided by the Group are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at March 31, 2020 is ₹ 84,535 lakhs (₹ 73,345 lakhs as at March 31, 2019).

The Company creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at March 31, 2020 is ₹ 131 lakhs (₹ 51 lakhs as at March 31, 2019).

Note : 40 ESOP DISCLOSURE

ESOP 2007

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares (prior to share split) in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines.

ESOP 2016

The Board at its meeting held on October 7, 2016, approved to create, and grant from time to time, in one or more tranches, not exceeding 31,25,102 Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the company including some of subsidiaries, managing director and whole time director, (other than promoter/promoter group of the company, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company), as may be decided by the board, exercisable into not more than 31,25,102 equity shares of face value of ₹ 10/- each fully paid-up, on such terms and in such manner as the board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016.

In this regard, the Company has recognised expense amounting to Private Limited ₹ 1,153 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 28).

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 40 ESOP Disclosure (Contd.)

The movement in Stock Options during the current year are given below:

Employee Stock Option Plan 2007

		Options outstanding	During the Year				Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2019	Addition in number of options on account of share split*	Option Granted	Options Forfeited / Expired	Options Exercised and allotted	As at 31.03.2020	As at 31.03.2020	As at 31.03.2020	Exercise Price	Weighted Average Remaining Contractual Life
Gt 25 Apr 2008	25-Apr-08	-	-	-	-	-	-	-	-	38	-
GT 27 JAN 2011A	27-Jan-11	9,163	36,652	-	-	22,695	23,120	23,120	-	38	-
GT 27 JAN 2011B	27-Jan-11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT 30 APR 2011	30-Apr-11	7,948	31,792	-	-	14,500	25,240	25,240	-	33	-
GT 27 OCT 2011	27-Oct-11	7,936	31,744	-	-	9,920	29,760	29,760	-	31	-
Total		**31,023**	**1,24,092**	**-**	**-**	**76,995**	**78,120**	**78,120**	**-**		

Employee Stock Option Plan 2016

		Options outstanding	During the Year				Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2019	Addition in number of options on account of share split*	Option Granted	Options Forfeited / Expired	Options Exercised and allotted	As at 31.03.2020	As at 31.03.2020	As at 31.03.2020	Exercise Price	Weighted Average Remaining Contractual Life
GT 25 JAN 2017	25-Jan-17	4,72,842	18,91,368	-	17,920	2,27,690	21,18,600	13,76,010	7,42,590	202	0.82 years
GT 30 JAN 2018	30-Jan-18	49,040	1,96,160	-	-	6,715	2,38,485	1,46,535	91,950	262	0.84 years
GT 30 JAN 2018 A	30-Jan-18	17,960	71,840	-	-	-	89,800	35,920	53,880	262	1.34 years
GT 23 APR 2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.19 years
GT 26 JUL 2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	0.82 years
GT 30 OCT 2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	73,460	2,93,840	254	1.71 years
GT 19 MAR 2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	1,46,060	4,42,400	278	2.09 years
GT 30 JUL 2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	0.83 years
GT 05 NOV 2019	05-Nov-19	-	-	2,75,600	-	-	2,75,600	-	2,75,600	316	2.30 years
GT 23 JAN 2020	23-Jan-20	-	-	53,000	-	-	53,000	-	53,000	317	2.52 years
Total		**7,94,946**	**31,79,784**	**3,60,232**	**17,920**	**2,34,405**	**40,82,637**	**18,55,680**	**22,26,957**		

Note: Includes options (vested and unvested) issued to employees of subsidiary as at March 31, 2020 - 11,276 options prior to share split (March 31, 2019 - 11,276 options)

*Equity shares of face value of ₹ 10/- have been split into face value of ₹ 2 per share on June 18, 2019, pursuant to resolution passed through postal ballot on June 3, 2019

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 40 ESOP DISCLOSURE (Contd.)

The movement in Stock Options during the previous year are given below:

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31.03.2018	During the Year 2018-19 Option Granted	Options Cancelled / lapsed	Options Exercised and allotted	Options outstanding As at 31.03.2019	Options vested but not exercised As at 31.03.2019	Options unvested As at 31.03.2019	Exercise Price	Weighted Average Remaining Contractual Life
Gt 30 Jul 2007	30 Jul 07	-	-	-	-	-	-	-		
Gt 25 Jan 2008	25 Jan 08	-	-	-	-	-	-	-		
Gt 25 Apr 2008	25 Apr 08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27 Jan 11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27 Jan 11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30 Apr 11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27 Oct 11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31.03.2018	During the Year 2018-19 Option Granted	Options Cancelled / lapsed	Options Exercised and allotted	Options outstanding As at 31.03.2019	Options vested but not exercised As at 31.03.2019	Options unvested As at 31.03.2019	Exercise Price	Weighted Average Remaining Contractual Life
GT25 JAN2017	25 Jan 17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30 JAN2018	30 Jan 18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30 JAN2018A	30 Jan 18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23 APR2018	23 Apr 18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26 JUL2018	26 Jul 18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30 OCT2018	30 Oct 18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19 MAR2019	19 Mar 19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

Note: Includes options (vested and unvested) issued employees of subsidiary as at March 31, 2019 - 11,276 options prior to share split (March 31, 2018 - 11,276 options).

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 40 ESOP DISCLOSURE (Contd.)

The following tables list the inputs to the Black Scholes model used for the plans for the year ended 31st March 2020:

ESOP 2007

Variables						
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
30 Jul 07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24 Oct 07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25 Jan 08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25 Apr 08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30 Jul 08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24 Oct 08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27 Jan 11	8%	4 years	59.50%	10%	187.60	94.82
- Tranche I						
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30 Apr 11	8%	4 years	59.40%	25%	162.55	73.07
28 Jul 11	8%	4 years	58.64%	25%	175.35	79.17
27 Oct 11	8%	4 years	57.52%	25%	154.55	67.26

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2020 is ₹ Nil (March 31,2019- ₹ Nil)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92% - 8.12%
Expected Life	0.12 years - 6.25 years
Expected Volatility	28.28% - 63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.(₹)	212.05

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 40 ESOP DISCLOSURE (Contd.)

ESOP 2016

	Variables					
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
25 Jan 17	6.36% - 6.67%	3.5 -6.51 years	33.39% -34.47%	0.54%	1,010.00	401.29
30 Jan 18	7.11%-7.45%	3.5 – 5.50 years	30.16%-31.46%	0.42%	1,309.70	496.82
30 Jan 18	7.11%-7.45%	3.5 – 5.50 years	30.16%-31.46%	0.42%	1,309.70	531.84
23 Apr 18	7.45%-7.81%	3.51 -6.51 years	30.33%-32.38%	0.42%	1,562.35	646.08
26 Jul 18	7.71%-7.92%	3.51 -5.51 years	30.56%-31.83%	0.43%	1,497.30	586.32
30 Oct 18	7.61%-7.85%	3.51 -6.51 years	32.34%-32.70%	0.51%	1,268.50	531.36
19 Mar 19	6.91% - 7.25%	3.51 -6.51 years	32.19% -32.59%	0.47%	1,390.05	564.13
30 Jul 19	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	248.20	83.66*
5 Nov 19	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	316.00	112.09*
23 Jan 20	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	317.00	109.51*

* Fair value option of equity shares issued under this grant is post share split with a face value of ₹ 2/- each

Note : 41 SHARING OF COSTS

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed between them, which has been relied upon by the Auditors.

Note : 42 CAPITAL MANAGEMENT

The Company maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), maintain strong credit rating and healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the Company's capital is monitored by the Board using, among other measures, the regulations issued by RBI.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The Company has complied in full with the capital requirements prescribed by RBI over the reported period. Refer Note 51A(i) for disclosure of capital adequacy as per applicable RBI regulations.

42.1 RISK MANAGEMENT

The company is committed to create value for its stakeholders through sustainable business growth and with that intent has put in place a robust risk management framework to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. Given the nature of the business the company is engaged in, the risk framework recognizes that there is uncertainty in creating and sustaining such value as well as in identifying opportunities. Risk management is therefore made an integral part of the company's effective management practice.

Risk Management Framework:

Company's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

Company's risk management division works as a value center by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The company has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, measures the movement of top critical risks. This provides

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 CAPITAL MANAGEMENT (Contd.)

the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified key risk indicators and are aligned to the overall company's risk appetite framework approved by the board. The company's risk management initiatives and risk MIS are reviewed monthly by the top management. This process enables the company to reassess the top critical risks in a changing environment that need to be focused on.

Risk Governance structure:

The company's overall risk governance is handled by three lines of defense to ensure the effectiveness of an organization's risk management framework including monitoring and assurance functions within the organization.

a) Under the first line of defence, risk champions are identified in each functional and business unit to take ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

b) The risk management team under the guidance of the risk management committee acts as the second line of defense. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the company about risk management. The RMC of the board meets minimum of four times a year and reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan.

c) Third line of defense constitutes internal auditors, internal external auditors and statutory auditors provide assurance to the audit committee and senior management on the effectiveness of internal governance and risk processes.

42.2 CREDIT RISK

Credit risk arises when a borrower is unable to meet his financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in his future earning potential. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the company's lending is covered by adequate collaterals from the borrowers. The company has a robust online application underwriting model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business. The company also has a well-developed model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

42.3 MARKET RISK

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the company's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee. In addition, the company has put in an Asset Liability Management (ALM) support group which meets frequently to review the liquidity position of the company.

42.4 CONCENTRATION OF RISK/EXPOSURE

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Company is in retail lending business on pan India basis targeting primarily customers who either do not get credit or sufficient credit from the traditional banking sector. Vehicle Finance (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors, Construction Equipment and Trade advance to Automobile dealers) is lending against security (other than for trade advance) of Vehicle/ Tractor / Equipment and contributes to 73% of the loan book of the Company as of March 31, 2020 (74% as of March 31, 2019). Hypothecation endorsement is made in favour of the Company in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Muti Utility Vehicles, three wheeler and

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 CAPITAL MANAGEMENT (Contd.)

Small Commercial Vehicles, Refinance against existing vehicles, older vehicles (first time buyers), Tractors and Construction Equipment have portfolio share between 5% and 22% leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 22% of the lending book of the Company as of March 31, 2020 (21% as of March 31, 2019). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by Company for each product by its region and its sub-segments. Company did not overly depend on few regions or sub-segments as of March 31, 2020.

42.5 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the company's readiness. The company is continuously engaged in creating risk awareness and culture across the organisation through training on risk management tools and communication through risk e-newsletters.

42.6 LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Company also has lines of credit that it can access to meet liquidity needs.

Refer Note No 47 for the summary of maturity profile of undiscounted cash flows of the Company's financial assets and financial liabilities as at reporting period.

42.7 FOREIGN CURRENCY RISK

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as Cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate.

The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 CAPITAL MANAGEMENT (Contd.)

42.8 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2020								
Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in Lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in Lakhs)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	9	-	2,22,953	-	September 25, 2020 to June 03, 2024	11,420	(21,038)	Borrowings

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in Lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in Lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in Lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	(9,232)	-	-	NA

As at March 31, 2019								
Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in Lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in Lakhs)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	5	1	1,82,631	35,491	November 07,2019 to March 18, 2022	8,028	(8,415)	Borrowings

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in Lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in Lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in Lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	1,306	-	-	NA

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 CAPITAL MANAGEMENT (Contd.)

42.9 Collateral and other Credit Enhancements

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Company values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Company's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Company for loan against securities.

The Company does not obtain any other form of credit enhancement other than the above. 99% of the Company's term loan are secured by way of tangible Collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

Note : 43 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in the financial statements.

Note : 44

44.1 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the company 's financial instruments that are not carried at fair value in the balance sheet. This table does not include the fair values of non-financial assets and non-financial liabilities.

₹ in lakhs

	31.03.2020		31.03.2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	3,46,188	3,46,188	3,13,893	3,13,893
Bank balances Other than Cash and Cash Equivalents	3,49,722	3,49,722	53,592	53,592
Receivables				
i) Trade Receivables	661	661	441	441
ii) Other Receivables	5,213	5,213	3,908	3,908
Loans	55,40,273	54,70,335	52,62,227	52,44,731
Investments	7,292	7,292	7,292	7,292
Other Financial Assets	41,327	41,327	13,512	13,512
Total Financial Assets	**62,90,676**	**62,20,738**	**56,54,865**	**56,37,369**
Financial Liabilities				
Payables -				
i) Trade Payables	20,290	20,290	20,742	20,742
ii) Other Payables	9,949	9,949	12,894	12,894
Debt Securities	7,32,683	7,32,658	14,18,431	14,13,496
Borrowings (Other than Debt Securities)	43,27,308	43,23,357	32,12,375	32,10,512
Subordinated Liabilities	4,40,552	4,40,595	4,25,868	4,28,174
Other Financial Liabilities	38,621	38,621	21,207	21,207
Total Financial Liabilities	**55,69,403**	**55,65,470**	**51,11,517**	**51,07,025**

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note: 44.1 Fair value of financial instruments not measured at fair value (Contd.)

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities disclosed under level 2 category.

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

ii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

iii) Derivatives are fair valued using observable inputs / rates.

Note : 44.2 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2020

₹ in lakhs

	Carrying Value	Fair value measurement using Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	11,420	-	11,420	-
Assets for which fair values are disclosed				
Loans	55,40,273		54,70,335	
Investment Properties *	14	-	-	299

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2020

₹ in lakhs

	Carrying Value	Fair value measurement using Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	-	-	-	-
Debt Securities	7,32,683	-	7,32,658	
Borrowings (Other than Debt Securities)	43,27,308	-	43,23,357	
Subordinated Liabilities	4,40,552	-	4,40,595	

There have been no transfers between the level 1 and level 2 during the period.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 44.2 Fair value hierarchy (Contd.)

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2019

₹ in lakhs

	Carrying Value	Fair value measurement using Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Loans	52,62,227		52,44,731	
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019

₹ in lakhs

	Carrying Value	Fair value measurement using Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	
Debt Securities	14,18,431		14,13,496	
Borrowings (Other than Debt Securities)	32,12,375		32,10,512	
Subordinated Liabilities	4,25,868		4,28,174	

There have been no transfers between different levels during the period.

Note : 44.3 Summary of Financial assets and liabilities which are recognised at amortised cost

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Financial Assets		
Cash and Cash Equivalents	3,46,188	3,13,893
Bank balances other than Cash and Cash Equivalents	3,49,722	53,592
Loans	55,40,273	52,62,227
Other Financial Assets	41,327	13,512
Financial Liabilities		
Debt Securities	7,32,683	14,18,431
Borrowings (Other than Debt Securities)	43,27,308	32,12,375
Subordinated Liabilities	4,40,552	4,25,868
Other Financial liabilities	38,621	21,207

Note : 44.4 Refer Note 13 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 45 MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

	Amount	Maturity	
		Within 12 months	After 12 months
As on March 31, 2020			
Financial Assets			
Cash and Cash Equivalents	3,46,188	3,46,188	-
Bank balances Other than Cash and Cash Equivalents	3,49,722	3,14,752	34,970
Derivative financial instruments	11,420	1,711	9,709
Receivables			
i) Trade Receivables	661	661	-
ii) Other Receivables	5,213	5,213	-
Loans	55,40,273	12,28,603	43,11,670
Investments	7,292	-	7,292
Other Financial Assets	41,327	13,023	28,304
Total Financial Assets	**63,02,096**	**19,10,151**	**43,91,945**
Non- Financial Assets			
Current tax assets (Net)	15,208	-	15,208
Deferred tax assets (Net)	52,083	-	52,083
Investment Property	14	-	14
Property, Plant and Equipment	25,599	-	25,599
Intangible assets under development	1,026	-	1,026
Other Intangible assets	1,747	-	1,747
Other Non-Financial Assets	1,531	-	1,531
Total Non- Financial Assets	**97,208**	**-**	**97,208**
Financial Liabilities			
Derivative financial instruments	-	-	-
Payables			
i) Trade Payables	20,290	20,290	-
ii) Other Payables	9,949	9,949	-
Debt Securities	7,32,683	4,10,141	3,22,542
Borrowings (Other than Debt Securities)	43,27,308	11,89,717	31,37,591
Subordinated Liabilities	4,40,552	52,023	3,88,529
Other Financial Liabilities	38,621	29,023	9.598
Total Financial Liabilities	**55,69,403**	**17,11,143**	**38,58,260**
Non-Financial Liabilities			
Provisions	9,076	9,076	-
Other Non-Financial Liabilities	3,641	1,663	1,978
Total Non-Financial Liabilities	**12,717**	**10,739**	**1,978**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 45 MATURITY ANALYSIS (Contd.)

₹ in lakhs

	Amount	Maturity	
		Within 12 months	After 12 months
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	3,13,893	3,13,893	-
Bank balances Other than Cash and Cash Equivalents	53,592	19,682	33,910
Derivative financial instruments	8,869	7,229	1,640
Receivables			
i) Trade Receivables	441	441	-
ii) Other Receivables	3,908	3,908	-
Loans	52,62,227	16,41,911	36,20,316
Investments	7,292	-	7,292
Other Financial Assets	13,512	4,205	9,307
Total Financial Assets	**56,63,734**	**19,91,269**	**36,72,465**
Non- Financial Assets			
Current tax assets (Net)	14,639	-	14,639
Deferred tax assets (Net)	45,300	-	45,300
Investment Property	14	-	47
Property, Plant and Equipment	14,286	-	14,253
Intangible assets under development	1,310	-	1,310
Other Intangible assets	1,976	-	1,976
Other Non-Financial Assets	1,371	1,073	298
Total Non- Financial Assets	**78,896**	**1,073**	**77,823**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables	-		
i) Trade Payables	20,742	20,742	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings (Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,207	21,128	79
Total Financial Liabilities	**51,12,358**	**19,26,024**	**31,86,334**
Non-Financial Liabilities			
Provisions	7,402	7,402	-
Other Non-Financial Liabilities	5,296	3,211	2,085
Total Non-Financial Liabilities	**12,698**	**10,613**	**2,085**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 46 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ in lakhs

Particulars	01.04.2019	Cash flows	Exchange Difference	Other	31.03.2020
Liabilities	50,56,674	4,44,719	12,623	(13,473)	55,00,543

₹ in lakhs

Particulars	01.04.2018	Cash flows	Exchange Difference	Other	31.03.2019
Liabilities	38,33,033	12,19,933	13,779	(10,071)	50,56,674

(i) Others column represents the effect of interest accrued but not paid on borrowing, amortisation of processing fees etc

(ii) Liabilities represents of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

Note : 47 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

As at March 31, 2020 ₹ in lakhs

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	3,02,482	41,302	-	-	-	-	-	**3,43,784**
Bank Balances other than Cash and Cash Equivalents	1,966	13,029	3,02,688	6,259	22,384	4,817	16,264	**3,67,407**
Derivative financial instruments	-	-	1,711	-	7,816	1,893	-	**11,420**
Receivables								
i) Trade Receivables	661	-	-	-	-	-	-	**661**
ii) Other Receivables	5,213	-	-	-	-	-	-	**5,213**
Loans	1,91,707	1,15,874	2,96,355	11,97,025	34,84,077	13,32,617	15,83,534	**82,01,189**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	615	585	4,244	7,539	18,952	9,839	11,038	**52,812**
Total Undiscounted financial assets	**5,02,644**	**1,70,790**	**6,04,998**	**12,10,823**	**35,33,229**	**13,49,166**	**16,18,128**	**89,89,778**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	70	-	-	-	-	-	-	**70**
ii) Total outstanding dues of creditors other than micro and small enterprises	20,220	-	-	-	-	-	-	**20,220**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	9,949	-	-	-	-	-	-	**9,949**
Debt Securities	30,772	1,90,142	9,348	2,05,289	3,07,560	54,811	2,926	**8,00,848**
Borrowings (Other than Debt Securities)	94,591	1,37,690	3,79,465	8,55,975	26,43,106	7,98,703	84,373	**49,93,903**
Subordinated Liabilities	11,370	9,182	14,636	44,321	1,95,966	1,13,415	2,70,774	**6,59,664**
Other Financial Liabilities	24,573	864	1,309	2,614	8,983	2,044	-	**40,387**
Total Undiscounted financial liabilities	**1,91,545**	**3,37,878**	**4,04,758**	**11,08,199**	**31,55,615**	**9,68,973**	**3,58,073**	**65,25,041**
Total net Undiscounted financial assets/(liabilities)	**3,11,099**	**(1,67,088)**	**2,00,240**	**1,02,624**	**3,77,614**	**3,80,193**	**12,60,055**	**24,64,737**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 47 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES (Contd.)

As at March 31, 2019 ₹ in lakhs

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	87,458	2,29,834	-	-	-	-	-	3,17,292
Bank Balances other than Cash and Cash Equivalents	370	6,810	3,997	11,702	22,226	2,172	19,394	66,671
Derivative financial instruments	-	-	-	7,229	1,640	-	-	8,869
Receivables								
i) Trade Receivables	441	-	-	-	-	-	-	441
ii) Other Receivables	3,908	-	-	-	-	-	-	3,908
Loans	3,48,886	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	73,23,043
Investments	-	-	-	-	-	-	7,292	7,292
Other Financial Assets	-	1,423	1,006	1,775	5,452	1,051	1,723	12,430
Total Undiscounted financial assets	**4,41,063**	**6,39,362**	**5,60,044**	**10,57,731**	**28,41,063**	**8,96,586**	**13,04,097**	**77,39,946**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	841
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	20,742	-	-	-	-	-	-	20,742
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	12,894
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	15,44,323
Borrowings (Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	36,47,216
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	6,45,929
Other Financial Liabilities	21,128	-	-	-	58	21	-	21,207
Total Undiscounted financial liabilities	**3,67,074**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,719**	**6,16,051**	**3,84,069**	**58,93,152**
Total net Undiscounted financial assets/(liabilities)	**73,989**	**3,17,977**	**17,153**	**70,768**	**1,66,344**	**2,80,535**	**9,20,028**	**18,46,794**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 48 DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES

The Company has taken office premises on lease for its operations.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less. The Company applies the short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and right to use asset included in Property, Plant and Equipment and the movements during the period:

Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2020

₹ in lakhs

Particulars - Buildings	Amount
Opening Balance	11,370
Depreciation charge for the Period	(4,190)
Additions during the Period	4,084
Adjustment/Deletion	(594)
Closing Balance	**10,670**

(ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2020

₹ in lakhs

Particulars	Amount
Current liabilities	5,057
Non Current Liabilities	6,985
Total Lease liabilities	**12,042**

(iii) Movement in the carrying value of the Lease Liability for the period ended March 31, 2020

₹ in lakhs

Particulars	Amount
Opening Balance	12,199
Interest Expense	1,153
Lease Payments [Total Cash Outflow]	(4,800)
Additions during the year	4,084
Adjustment/Deletion	(594)
Closing Balance	**12,042**

(iv) Contractual Maturities of Lease liability outstanding as at March 31, 2020

₹ in lakhs

Particulars	Amount
Less than one year	5,304
One to five Years	8,505
More than Five years	-
Total	**13,809**

(v) The following are the amount recognised in the Profit or Loss statement

₹ in lakhs

Particulars	Amount
Depreciation expense of right-of-use assets	4,190
Interest expense on lease liabilities	1,153
Expense relating to short-term leases (included in other expenses)	82
Expense relating to leases of low-value assets (included in other expenses)	-
Variable lease payments (included in other expenses)	-
Total amount recognised in profit or loss	**5,425**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 48 DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES (Contd.)

Lease expenses relating to short term leases aggregated to Rs. 82.39 lakhs during the year ended March 31, 2020.

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12%.

The Company has taken office premises on lease for its operations.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

The Company has several lease contracts that includes extension and termination contracts. These options are negotiated by the Management to provide flexibility in managing the leased-asset portfolio and align with Company's business needs. Management exercises significant judgement in determining whether these extension and termination are reasonably certain to be exercised. Also Refer note 4B

RBI Disclosures

The regulatory disclosures provided in these financial statements are in accordance with the requirements of the RBI's notification on implementation of Ind AS dated March 13, 2020 (wherever applicable). The corresponding figures for the previous year ended March 31, 2019 have been restated in line with this notification for comparability purposes.

Note : 49 PURSUANT TO GUIDELINES ISSUED FOR SECURITISATION/ ASSIGNMENT 2006

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 49 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	29	35
Outstanding securitised Assets in books of SPV	4,93,815	5,79,896
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
First Loss	-	-
Others	47,553	46,574
b) On Balance Sheet Exposure		
First Loss – Cash collateral	37,636	51,832
Others	-	-
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	30,806	32,132
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	9,53,016	11,54,307

* excludes interest collected from customers on securitised assets.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 49 ASSETS DE-RECOGNISED		
b) On Bilateral assignment		
Number of Assignment Transactions	24	7
Outstanding Assigned Assets in books of Assignee*	5,24,803	1,69,976
Less: Collections not yet due to be remitted to Assignee#	12,217	2,858
Outstanding securitised Assets as per books	5,12,585	1,67,118
Total amount of exposure		
a) Off Balance Sheet Exposure		
First Loss	-	-
Others	-	-
b) On Balance Sheet Exposure		
First Loss - Cash collateral	-	-
Others	58,364	18,569
Book value of Assets sold	7,34,047	2,98,244

#excludes interest collected from customers on assigned assets

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 50 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007:

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2020	Amount Overdue
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	5,74,418	-
	- Unsecured (other than falling within the meaning of public deposits)	2,90,955	-
	- Perpetual Debt Instrument	1,49,597	-
(b)	Deferred Credits	-	-
(c)	Term Loans	41,81,750	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	1,58,265	-
	Other Loans	1,45,559	-
	(Represents Working Capital Demand Loans and Cash Credit from Banks along with Interest Accrued but Not Due on above)		

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2019	Amount Overdue
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	10,54,445	-
	- Unsecured (other than falling within the meaning of public deposits)	2,81,689	-
	- Perpetual Debt Instrument	1,44,179	-
(b)	Deferred Credits	-	-
(c)	Term Loans	30,40,430	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	3,63,986	-
	Other Loans	1,71,945	-
	(Represents Working Capital Demand Loans and Cash Credit from Banks along with Interest Accrued but Not Due on above)		

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2020	Amount Overdue As at 31.03.2019
(2)	**Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)**		
(a)	Secured	13,18,806	11,94,458
(b)	Unsecured	20,982	43,827
(3)	**Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities**		
(i)	Lease Assets including Lease Rentals Accrued and Due:	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
(iii)	Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed (Net)	-	-
	(b) Loans other than (a) above	42,00,485	40,23,942

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 50 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2020	Amount Overdue As at 31.03.2019
(4)	**Break-up of Investments (net of provision for diminution in value):**		
	Current Investments:		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities (Net of amortisation)	-	-
(v)	Others	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
Long-term Investments:			
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities (Net of amortisation)	-	-
(v)	Others	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity (Net of Provision for Diminution in Value of Investment)	7,292	7,292
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others	-	-
- Investment in Pass Through Certificates		-	-
- Investment property		14	14

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 50 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ in lakhs

	Category	Amount (Net of provision for Non-performing assets)		
		Secured	Unsecured	Total
(5)	**Borrower Group-wise Classification of Assets Financed as in (2) and (3) above**			
	As at March 31, 2020			
1.	Related Parties *			
	(a) Subsidiaries	-	700	700
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	340	340
2.	Other than Related Parties	55,19,291	19,942	55,39,233
	Total	**55,19,291**	**20,982**	**55,40,273**
	As at March 31, 2019			
1.	Related Parties *			
	(a) Subsidiaries	-	1,150	1,150
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	340	340
2.	Other than Related Parties	52,18,400	42,337	52,60,737
	Total	**52,18,400**	**43,827**	**52,62,227**

* Related Parties are as identified in Note 37 above.

₹ in lakhs

	Category	Market value / Break - up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning)
(6)	**Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :**		
	As at March 31, 2020		
1.	Related Parties *		
	(a) Subsidiaries	6,490	6,490
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	800	800
2.	Other than Related Parties	2	2
Total		**7,292**	**7,292**
	As at March 31, 2019		
1.	Related Parties *		
	(a) Subsidiaries	6,490	6,490
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	800	800
2.	Other than Related Parties	2	2
	Total	**7,292**	**7,292**

₹ in lakhs

	Category	Amount Outstanding	
		As at 31.03.2020	As at 31.03.2019
(7)	**Other Information**		
(i)	Gross Non-Performing Assets		
	a) With Related Parties *	-	-
	b) With Others	2,16,331	1,43,851
(ii)	Net Non-Performing Assets		
	a) With Related Parties *	-	-
	b) With Others	1,26,502	89,210
(iii)	Assets Acquired in Satisfaction of Debt		
	a) With Related Parties *	-	-
	b) With Others	-	-

* Related Parties are as identified in Note 37 above.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 51A. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014:

i. Capital Adequacy Ratio

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Tier I Capital	8,05,516	6,13,410
Tier II Capital	2,85,020	2,42,509
Total Capital	**10,90,536**	**8,55,919**
Total Risk Weighted Assets	52,72,792	49,28,399
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	15.28%	12.45%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	5.41%	4.92%
Total (%)	**20.69%**	**17.37%**
Amount of Subordinated Debt raised as Tier – II capital during the year	**40,000**	**51,500**
Amount raised by issue of Perpetual Debt instruments during the year	**5,000**	**30,600**

ii. Investments

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	7,435	7,435
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	(129)	(129)
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	7,306	7,306
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	129	129
(ii) Add:Provisions made during the year	-	-
(iii) Less:Reversal of provision during the year	-	-
(iv) Closing balance	129	129

iii. Asset Liability Management

Maturity pattern of certain items of assets and liabilities - As at March 31, 2020

₹ in lakhs

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 Years	Total
Liabilities											
Borrowing from Banks	27,178	4,780	40,245	22,412	73,890	2,69,063	7,22,468	23,66,850	7,33,032	67,390	**43,27,308**
Market Borrowings	1,202	1,254	39,416	79,621	1,14,958	14,050	2,09,589	3,97,641	1,17,230	1,98,274	**11,73,235**
Total	**28,380**	**6,034**	**79,661**	**1,02,033**	**1,88,848**	**2,83,113**	**9,32,057**	**27,64,491**	**8,50,262**	**2,65,664**	**55,00,543**
Assets											
Advances (Net of Provision for Non Performing Assets)	10,229	4,506	29,448	28,751	41,202	2,29,955	8,84,512	25,52,100	8,78,563	8,81,007	**55,40,273**
Investment (Net of Provision for Diminution in Value of Investments)	-	-	-	-	-	-	-	-	-	7,306	**7,306**
Total	**10,229**	**4,506**	**29,448**	**28,751**	**41,202**	**2,29,955**	**8,84,512**	**25,52,100**	**8,78,563**	**8,88,313**	**55,47,579**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 51A. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014: (Contd.)

As at March 31, 2019

₹ in lakhs

Particulars	1-7 days	8-14 days	15-30 days	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 Years	Total
Liabilities											
Borrowing from Banks	1,21,945	6,066	26,294	27,975	38,637	1,69,969	4,75,202	18,41,638	4,11,290	93,359	**32,12,375**
Market Borrowings	-	65,243	71,082	1,31,209	80,462	2,94,367	3,65,440	4,79,126	1,79,020	1,78,350	**18,44,299**
Total	**1,21,945**	**71,309**	**97,376**	**1,59,184**	**1,19,099**	**4,64,336**	**8,40,642**	**23,20,764**	**5,90,310**	**2,71,709**	**50,56,674**
Assets											
Advances (Net of Provision for Non Performing Assets)	84,302	21,075	56,742	1,02,461	94,537	4,91,691	7,91,103	21,56,460	6,66,901	7,96,955	**52,62,227**
Investment (Net of Provision for Diminution in Value of Investments)	-	-	-	-	-	-	-	-	-	7,306	**7,306**
Total	**84,302**	**21,075**	**56,742**	**1,02,461**	**94,537**	**4,91,691**	**7,91,103**	**21,56,460**	**6,66,901**	**8,04,261**	**52,69,533**

iv. Exposure to the Real Estate Sector, both Direct and Indirect

₹ in lakhs

Category	As at 31.03.2020	As at 31.03.2019
(a) Direct Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
- individual housing loans upto ₹ 15 lakhs	1,71,278	1,70,835
- individual housing loans more than ₹ 15 lakhs	10,41,566	9,47,516
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).		
- Fund Based	1,44,062	1,17,964
- Non Fund based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure	**13,56,906**	**12,36,315**

Note:

The above summary is prepared based on the information available with the Company.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 51A. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014: (Contd.)

v. Exposure to the Capital Market

₹ in lakhs

	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	741	1,659
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds /convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Pending Disbursements	5,020	2,391
Total Exposure		**5,761**	**4,050**

vi. Other Regulator Registration

S. No.	Regulator	Registration no.
1	Ministry of Company Affairs	CIN: L65993TN1978PLC007576
2	Reserve Bank of India	Certificate of Registration dt. 09/06/2011, No. 07-00306

vii. Penalties levied by the above Regulators - Nil

viii. Ratings assigned by Credit Rating Agencies

Particulars	As at 31.03.2020	As at 31.03.2019
Commercial paper & Non- convertible Debentures - Short Term	ICRA A1+, CRISIL A1+,	ICRA A1+ CRISIL A1+ CARE A1+
Working Capital Demand Loans	ICRA A1+	ICRA A1+
Cash Credit	ICRA AA+	ICRA AA+
Bank Term Loans	ICRA AA+	ICRA AA+
Non-Convertible Debentures – Long Term	ICRA AA+, IND AA+	ICRA AA+, IND AA+
Subordinated Debt	ICRA AA+, CARE AA+, CRISIL AA+, IND AA+	ICRA AA+, CARE AA+, CRISIL AA+, IND AA+
Perpetual Debt	ICRA AA, CARE AA, IND AA	ICRA AA, CARE AA, IND AA

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 51A. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014: (Contd.)

ix. Concentration of Advances

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Total Advances to twenty largest borrowers	29,582	24,299
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.53%	0.51%

x. Concentration of Exposures

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Total Exposure to twenty largest borrowers/customers	29,582	24,299
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	0.53%	0.51%

xi. Concentration of NPAs

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Total Exposure to top four NPA accounts	3,145	3,004

xii. Sector-wise NPAs

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector as on 31.03.2020	Percentage of NPAs to Total Advances in that sector as on 31.03.2019
1.	Agriculture & allied activities	100%	100%
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans	2.91%	1.79%
7.	Other loans	6.39%	5.40%

xiii. Movement of NPAs

₹ in lakhs

Particulars	31.03.2020	31.03.2019
(i) Net NPAs to Net Advances(%)	2.26%	1.68%
(ii) Movement of Gross NPA		
(a) Opening balance	1,43,851	1,47,627
(b) Additions during the year	1,35,806	83,237
(c) Reductions during the year	63,326	87,013
(d) Closing balance	2,16,331	1,43,851
(iii) Movement of Net NPA		
(a) Opening balance	89,210	96,924
(b) Additions during the year	85,653	58,883
(c) Reductions during the year	48,361	66,597
(d) Closing balance	1,26,502	89,210

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 51 A. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014: (Contd.)

xiii. Movement of NPAs (Contd.)

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	54,641	50,702
(b) Provisions made during the year	50,152	24,355
(c) Write-off / write-back of excess provisions	14,964	20,416
(d) Closing balance	89,829	54,641

xiv. Disclosure on Restructured Accounts

₹ in lakhs

Type of Restructuring asset classification details		Standard Advances	Sub-standard Advances	Doubtful Advances	Loss Advances
Restructured loans as on April 1, 2019	Number of borrowers	-	96	-	-
	Amount Outstanding	-	1,021	-	-
	Provision thereon	-	243	-	-
Fresh Restructured during the year	Number of borrowers	94	89	15	-
	Amount Outstanding	1,486	1,347	322	-
	Provision thereon	193	283	68	-
Upgradations to restructured category	Number of borrowers	71	-	-	-
	Amount Outstanding	308	-	-	-
	Provision thereon	40	-	-	-
Restructured loans ceases to attract higher provision or additional risk weight at the end of year	Number of borrowers	-	-	-	
	Amount Outstanding	-	-	-	
	Provision thereon	-	-	-	
Downgrade of restructured accounts during the year	Number of borrowers	-	83	4	-
	Amount Outstanding	-	1,287	37	-
	Provision thereon	-	347	14	-
Write-off of restructured accounts during the year	Number of borrowers	8	15	-	-
	Amount Outstanding	96	166	-	-
	Provision thereon	23	37	-	-
Restructured loans as on March 31, 2020	Number of borrowers	-	158	18	-
	Amount Outstanding	-	2,415	357	-
	Provision thereon	-	697	128	-

xv. Customer Complaints

No. of Complaints

Particulars	31.03.2020	31.03.2019
(a) Pending as at beginning of the year	11	9
(b) Received during the year	1,331	1,428
(c) Redressed during the year	1,334	1,426
(d) Pending as at end of the year	8	11

Note: The above summary is prepared based on the information available with the Company and relied upon by the Auditors.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 52. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2020 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

There were 115 cases (March 31, 2019 - 180 cases) of frauds amounting to ₹668 lakhs (March 31, 2019 - ₹ 657 lakhs) reported during the year. The Company has recovered an amount of ₹48 lakhs (March 31, 2019 - ₹ 125 lakhs). The un-recovered amounts are either pending settlement with the insurance companies or have been fully provided/ written off.

Note : 53. DISCLOSURE OF COMPARISON OF PROVISION AS PER IRAC NORMS AND ECL PURSUANT TO RBI CIRCULAR, VIDE DNBS.PD.CC.NO.109/22.10.106/2019-20 DATED MARCH 13, 2020 FOR THE YEAR ENDED MARCH 31, 2020.

₹ in lakhs

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind As	Loss allowance (provision) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	52,74,174	39,122	52,35,052	35,282	3,840
	Stage 2	2,02,066	23,346	1,78,720	8,916	14,429
Non Performing Assets (NPA)						
Substandard	Stage 3	1,17,231	42,974	74,257	11,668	31,307
Doubtful - upto 1 year	Stage 3	37,017	15,814	21,203	8,509	7,305
1 - 3 years	Stage 3	38,433	17,689	20,744	14,240	3,449
More than 3 years	Stage 3	20,886	10,588	10,298	12,004	(1,416)
Loss	Stage 3	2,764	2,764	-	2,764	-
Subtotal for NPA		**2,16,331**	**89,829**	**1,26,502**	**49,185**	**40,645**
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	84,535	131	84,404	-	131
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**84,535**	**131**	**84,404**	**-**	**131**
Total	Stage 1	53,58,709	39,253	53,19,456	35,282	3,971
	Stage 2	2,02,066	23,346	1,78,720	8,916	14,429
	Stage 3	2,16,331	89,829	1,26,502	49,185	40,645
	Total	**57,77,106**	**1,52,428**	**56,24,678**	**93,383**	**59,045**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 54. DISCLOSURE ON MORATORIUM – COVID 19 REGULATORY PACKAGE – ASSET CLASSIFICATION AND PROVISIONING FOR THE YEAR ENDED MARCH 31, 2020 IN PURSUANT TO THE NOTIFICATION VIDE: DOR.NO.BP.BC.63/21.04.048/2019-20 DATED APRIL 17, 2020

₹ in lakhs

Particulars	Outstanding value of loans – Moratorium extended	Outstanding value of loans – Asset classification benefit extended
Stage I	41,54,811	3,68,118
Stage II	1,88,056	1,88,056
Stage III	26,786	-

Note : 55. PRIOR PERIOD INFORMATION

Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : June 3, 2020
Place : Chennai

For and on behalf of the **Board of Directors**

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Independent Auditor’s Report

To the Members of Cholamandalam Investment and Finance Company Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Cholamandalam Investment and Finance Company Limited (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associate comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements’ section of our report. We are independent of the Group and associates in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 2.2 to the accompanying Consolidated Ind AS financial statements, which describes the impact of COVID-19 pandemic, and its possible consequential implications on the Company’s operations and financial metrics, including the Company’s estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS financial statements.

Independent Auditor's Report (Contd.)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of Financial Assets based on Expected Credit Loss ('ECL') (as described in Note 5.3 of the Consolidated Ind AS Financial Statements)</td></tr>
<tr><td>Financial instruments, which include loans to customers, represents a significant portion of the total assets of the Company. The Company has loans aggregating Rs 56,91,870lakhs as at March 31, 2020.

Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Company based on the guiding principles prescribed under Ind AS 109.

As explained in the notes to the financial statements for the year ended March 31, 2020, the impairment provision based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include:

(a) Segmentation of the loan portfolio into homogenous pool of borrowers;
(b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired;
(c) Determination of the 12 month and life-time probability of default for each of the segments identified; and
(d) Loss given default for various exposures based on past trends / experience, management estimates etc.,

Additionally, the economic and business consequences of the COVID 19 pandemic as described in Note 2.2 & 2.3 to the Consolidated Ind AS financial statements, slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect loan loss provisioning under the ECL approach.

Note 5.3 read with note 2.3 to the Consolidated Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.

As at March 31, 2020, the Company has made a provision for impairment loss aggregating Rs. 1,52,297 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as key audit matter.</td><td>• Understood the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning.
• Read and assessed the Company's impairment provisioning policy as per Ind AS 109;
• Understood the Company's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures;
• Assessed the Exposure at Default used in the impairment calculations on a test basis;
• Obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults for various homogenous segments and performed test checks;
• Obtained an understanding of the basis and methodology adopted by management to determine Loss Given Defaults for various homogenous segments based on past recovery experience, qualitative factors etc., and performed test checks;
• Assessed the items of loans, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date;
• Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company's IT systems);
• Enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof
• Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and
• Read the financial statement disclosures in respect of impairment losses on financial assets, including the specific disclosures made with regard to the impact of COVID-19 on the ECL estimation.</td></tr>
</table>

Independent Auditor's Report (Contd.)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Audit in an Information Technology (IT) enabled environment - including considerations on exceptions identified in IT environment</td></tr>
<tr><td>The Company has information technology applications which are used across various class of transactions in its operations including automated and IT dependent manual controls that are embedded in them.

Due to the pervasive nature and complexity of the Company's IT environment, we place significant emphasis on the information systems, the controls, and process around such information systems and the usage of information from such systems for the purpose of financial reporting by the management for our audit. Accordingly, this has been considered as a key audit matter.</td><td>In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting:

• Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls;

• The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system;

• Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting;

• Performed tests of controls (including over compensatory controls wherever applicable) on the IT Application controls and IT dependent manual controls in the system.

• Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.</td></tr>
<tr><td colspan="2">Pending litigations with tax authorities (as described in Note 40(a) of the Consolidated Ind AS Financial Statements)</td></tr>
<tr><td>The Company operates in a complex tax environment and is required to discharge direct and indirect tax obligations under various legislations such as Income Tax Act, 1961, the Finance Act, 1994 Goods and Services Tax Acts and VAT Acts of various states, as may be applicable

The tax authorities under these legislations have raised certain tax demands on the Company in respect of the past periods. The Company has disputed such demands and has appealed against them at appropriate forums. As at March 31, 2020 the Company has an amount of Rs. 67,708 Lakhs. pertaining to various pending tax litigations.

Under Ind AS, the Company is required to perform an assessment of the probability of economic outflow on account of such disputed tax matters and determine whether any particular obligation needs to be recorded as a provision in the books of account or to be disclosed as a contingent liability. Considering the significant degree of judgement applied by the management in making such assessments and the resultant impact on the financial statements, we have considered it to be a key audit matter.</td><td>In assessing the exposure of the Company for the tax litigations, we have performed the following procedures:

• Obtained an understanding of the process laid down by the management for performing their assessment taking into consideration past legal precedents, changes in laws and regulations, expert opinions obtained from external tax / legal experts (as applicable);

• Assessed the processes and entity level controls established by the Company to ensure completeness of information with respect to tax litigations;

• Along with our tax experts, we undertook the following procedures:

• Read communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management;

• Tested the accuracy of disputed amounts from the underlying communications received from tax authorities and responses filed by the Company;</td></tr>
</table>

Independent Auditor’s Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Pending litigations with tax authorities *(as described in Note 39 of the Ind AS Financial Statements)*	
	• Considered the submissions made to appellate authorities and expert opinions obtained by the Company from external tax / legal experts (wherever applicable) which form the basis for management’s assessment; • Assessed the positions taken by the management in the light of the aforesaid information and based on the examination of the matters by our tax experts. • Read the disclosures included in the Consolidate Ind AS Financial Statements in this regard.

Other Information

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Ind AS financial statements and our auditor’s report thereon.

Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Independent Auditor's Report (Contd.)

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor’s Report (Contd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The Consolidated Ind AS financial statements include the Group’s share of net loss of Rs. 42 lakhs for the year ended March 31, 2020, as considered in the Consolidated Ind AS financial statements, in respect of one associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate company, none of the directors of the Group’s companies and its associate, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and associate company, incorporated in India, refer to our separate Report in “Annexure 2” to this report;

(g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries and associate incorporated in India for the year ended March 31, 2020;

Independent Auditor’s Report (Contd.)

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements – Refer Note 40(a) to the Consolidated Ind AS financial statements;

ii. Provision has been made in the Consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 9 and 11 to the Consolidated Ind AS financial statements in respect of such items as it relates to the Group and its associate and (b) the Group’s share of net loss in respect of its associate;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2020.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**

per Subramanian Suresh
Partner
Membership Number: 083673
UDIN: 20083673AAAAAZ1465
Place of Signature : Chennai
Date : June 03, 2020

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Cholamandalam Investment and Finance Company Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Cholamandalam Investment and Finance Company Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Cholamandalam Investment and Finance Company Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Cholamandalam Investment and Finance Company Limited (Contd.)

reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: **101049W/E300004**

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : June 3, 2020

Consolidated Ind AS Balance Sheet

As at March 31, 2020

₹ in lakhs

	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and Cash Equivalents	7	3,49,514	3,16,435
Bank balances other than Cash and Cash Equivalents	8	3,50,560	54,411
Derivative financial instruments	9	11,420	8,869
Receivables	10		
i) Trade Receivables		1,503	4,128
ii) Other Receivables		5,052	3,908
Loans	11	55,39,573	52,61,077
Investments			
i) Associate	47	2,477	2,519
ii) Others	12	793	1,631
Other Financial Assets	13	43,913	14,976
		63,04,805	**56,67,954**
Non- Financial Assets			
Current tax assets (Net)		15,947	15,101
Deferred tax assets (Net)	14	52,747	46,012
Investment property	15	14	14
Property, plant and equipment	16	26,236	14,497
Intangible assets under development		1,060	1,397
Other intangible assets	17	2,067	2,220
Other non-financial assets	18	2,027	1,817
		1,00,098	**81,058**
TOTAL ASSETS		**64,04,903**	**57,49,012**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	9	-	841
Payables			
(I) Trade payables			
i) Total outstanding dues of micro and small enterprises		70	-
ii Total outstanding dues of creditors other than micro and small enterprises		21,977	23,145
(II) Other payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		9,949	12,894
Debt securities	19	7,32,683	14,18,431
Borrowings(Other than Debt securities)	20	43,27,308	32,12,375
Subordinated liabilities	21	4,40,552	4,25,868
Other financial liabilities	22	39,485	21,676
		55,72,024	**51,15,230**
Non-Financial Liabilities			
Provisions	23	9,151	7,466
Other Non-Financial Liabilities	24	3,742	5,445
		12,893	**12,911**
Equity			
Equity share capital	25	16,398	15,642
Other equity	26	8,03,588	6,05,229
Total Equity		**8,19,986**	**6,20,871**
TOTAL LIABILITIES AND EQUITY		**64,04,903**	**57,49,012**

The accompanying notes are integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

For and on behalf of the **Board of Directors**

per **Subramanian Suresh**
Partner
Membership No: 083673

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

Date : June 3, 2020
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2020

₹ in lakhs

	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
Revenue from Operations			
- Interest Income	27A	8,12,465	6,57,622
- Net gain on derecognition of financial instruments under amortised cost category		24,727	8,670
- Fee & Commission income	27B	24,870	23,701
- Net gain on Fair value change on financial instrument	27C	1,569	6,334
- Sale of Services	27D	7,570	12,435
Total Revenue from operations (I)		**8,71,201**	**7,08,762**
- Other income (II)	28	62	2,121
Total Income (III) = (I) + (II)		**8,71,263**	**7,10,883**
Expense			
- Finance costs	29	4,59,170	3,58,814
- Impairment of Financial Instruments	30	89,735	31,134
- Employee benefits expense	31	70,032	60,468
- Depreciation and amortisation expense	15, 16 & 17	11,125	5,699
- Other expenses	32	82,379	71,615
Total Expenses (IV)		**7,12,441**	**5,27,730**
Profit before tax (V) = (III) - (IV)		**1,58,822**	**1,83,153**
Tax expense/(benefit)			
- Current tax			
- Pertaining to profit for the current period		56,791	71,532
- Adjustment of tax relating to earlier periods		3	1,596
- Deferred tax		(3,386)	(9,669)
Net tax expense (VI)		**53,408**	**63,459**
Profit for the period - A = (V) - (VI)		**1,05,414**	**1,19,694**
Share of loss from associate (net of tax)	47	(42)	(35)
Profit for the period		**1,05,372**	**1,19,659**
Other Comprehensive income:			
i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit obligations (net)		(506)	(706)
Income tax impact		127	245
Net (Loss) / gain on equity instrument designated at FVOCI for the year		(624)	(619)
Income tax impact		-	-
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve		(9,232)	1,306
Income tax impact		3,261	(437)
Other comprehensive income/(loss) net of tax for the period (B)		**(6,974)**	**(211)**
Total comprehensive income net of tax (A + B)		**98,398**	**1,19,448**
Profit for the year attributable to :			
- Equity holders of the Parent Company		1,05,372	1,19,806
- Non-Controlling Interest		-	(147)
Other Comprehensive Income (net of tax) for the period attributable to :			
- Equity holders of the Parent Company		(6,974)	(211)
- Non-Controlling Interest		-	-
Total Comprehensive Income for the period attributable to :			
- Equity holders of the Parent Company		98,398	1,19,595
- Non-Controlling Interest		-	(147)
Earnings per equity share of ₹ 2 each	33		
- Basic (₹)		13.39	15.31
- Diluted (₹)		13.37	15.30

The accompanying notes are integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

For and on behalf of the **Board of Directors**

per **Subramanian Suresh**
Partner
Membership No: 083673

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

Date : June 3, 2020
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Consolidated Ind AS Statement of Changes in Equity

For the year ended March 31, 2020

₹ in lakhs

a) Equity Share Capital	
Balances as on April 1, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	**15,643**
Add: Issue of share capital	755
Balances as on March 31, 2020	**16,398**

b) Other Equity (Refer Note 26)

₹ in lakhs

Particulars		Reserve and Surplus							Items of other comprehensive income		
	Share application money pending allotment	Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	Total attributable to equity holders
Opening balance as at April 01, 2019	-	**1,06,046**	**4**	**3,300**	**1,66,850**	**2,50,967**	**76,848**	**1,861**	**561**	**(1,208)**	**6,05,229**
Profit for the year	-	-	-	-	-	-	1,05,372	-	-	-	**1,05,372**
Re-measurement of defined benefit plans and fair value change	-	-	-	-	-	-	(379)	-		-	**(379)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(624)	(5,971)	**(6,595)**
Dividend including DDT	-	-	-	-	-		(20,033)	-	-	-	**(20,033)**
Addition during the year	10	-	-	-	1,19,749	-	-	1,156	-	-	**1,20,915**
Utilisation of securities premium					(921)						**(921)**
Transfer to reserves from retained earnings during the year	-	22,000	-	-	-	50,000	(72,000)	-	-	-	-
Closing balance as at March 31, 2020	**10**	**1,28,046**	**4**	**3,300**	**2,85,678**	**3,00,967**	**89,808**	**3,017**	**(63)**	**(7,179)**	**8,03,588**
Opening Balance as at April 01, 2018	-	**82,046**	**4**	**3,300**	**1,66,680**	**1,90,967**	**53,760**	**1,046**	**1,180**	**(2,077)**	**4,96,906**
Profit for the year	-	-	-	-	-	-	1,19,806	-	-	-	**1,19,806**
Re-measurement of defined benefit plans and fair value change	-	-	-	-	-	-	(466)	-		-	**(466)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(619)	869	**250**
Addition during the year	-	-	-	-	170	-	-	815	-		**985**
Dividend including DDT	-	-	-	-	-	-	(12,252)	-	-	-	**(12,252)**
Transfer to reserves from retained earnings during the year	-	24,000	-	-	-	60,000	(84,000)	-	-	-	-
Closing balance as at March 31, 2019	-	**1,06,046**	**4**	**3,300**	**1,66,850**	**2,50,967**	**76,848**	**1,861**	**561**	**(1,208)**	**6,05,229**

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : June 3, 2020
Place : Chennai

For and on behalf of the **Board of Directors**

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Ind-AS Consolidated Cash Flow Statement

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
Cash Flow from Operating Activities				
Profit Before Tax		**1,58,822**		**1,83,153**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	11,125		5,699	
Impairment of financial instruments	89,735		31,134	
Finance Costs	4,59,170		3,58,814	
Loss on Sale of Property plant and equipment (Net)	13		17	
Fair value gain on loss of control in Subsidiary	-		(2,029)	
Change in fair value of financial instruments - Loss	140		-	
Net gain on fair value change in financial instruments	(1,569)		(6,334)	
Interest Income on bank deposits	(24,371)		(8,044)	
Dividend on Investments	(37)		(23)	
Share based payment expense	1,161		811	
		5,35,367		3,80,045
Operating Profit Before Working Capital Changes		**6,94,189**		**5,63,198**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
- Loans	(8,04,020)		(11,86,025)	
- Trade Receivables	1,481		2,915	
- Other Financial Assets	(28,937)		(3,629)	
- Other Non Financial Assets	(210)	(8,31,686)	(553)	(11,87,292)
Proceeds from de-recognition of financial assets recognised at amortised cost		4,35,789		1,18,220
Increase/(Decrease) in operating liabilities & Provisions				
- Payables	(4,567)		5,882	
- Other Financial liabilities	5,384		1,257	
- Provisions	1,685		1,093	
- Other Non-Financial liabilities	(873)	1,629	351	8,583
Cash Flow used in Operations		**2,99,921**		**(4,97,291)**
Finance Costs paid	(4,71,458)		(3,68,772)	
Interest Received on Bank Deposits and Other Investments	21,660		7,496	
Dividend received	37		23	
		(4,49,761)		(3,61,253)
		(1,49,840)		(8,58,544)
Income tax paid (Net of refunds)		(57,637)		(73,190)
Net Cash Used in Operating Activities (A)		**(2,07,477)**		**(9,31,734)**
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(7,156)		(7,686)	
Proceeds from Sale of Property, Plant and Equipment	108		292	
Movement in investments (net)	1,643		6,308	
Net Cash Used in Investing Activities (B)		**(5,405)**		**(1,086)**

Ind-AS Consolidated Cash Flow Statement (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		1,19,584		174
Payment of Lease liabilities		(4,877)		-
Proceeds from issue of debt securities	19,40,525		17,08,570	
Redemption of Debt securities	(26,09,365)		(17,36,533)	
Borrowing - Other than debt securities	44,91,409		29,85,062	
Repayment of borrowing - Other than debt securities	(33,93,350)		(18,00,501)	
Proceeds from issue of subordinated liabilities	45,000		82,100	
Repayment of subordinated liabilities	(29,500)		(18,650)	
		4,44,719		12,20,048
Investment in Bank Fixed Deposits (Net of withdrawals)		(2,94,218)		11,076
Dividends Paid (Including Distribution Tax)		(20,027)		(12,239)
Net Cash Flow From Financing Activities (C)		**2,45,181**		**12,19,059**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**32,299**		**2,86,239**
Cash and Cash Equivalents at the Beginning of the year (Refer Note below)		3,16,158		29,969
Less: Cash and bank balances on loss of control in subsidiary during the year				(50)
Cash and Cash Equivalents at the End of the year (Refer Note Below)		**3,48,457**		**3,16,158**
Note:				
Cash and Cash Equivalents at the End of the year as per Balance Sheet		3,49,514		3,16,435
Less: On Other bank balances		1,057		277
Cash and cash equivalents for cashflow purpose		3,48,457		3,16,158

The accompanying notes are integral part of the financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

For and on behalf of the **Board of Directors**

per **Subramanian Suresh**
Partner
Membership No: 083673

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

Date : June 3, 2020
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Notes forming part of the Consolidated Ind AS Financial Statements

For the year ended March 31, 2020

1. Corporate Information

Cholamandalam Investment and Finance Company Limited ("the Company") (CIN L65993TN1978PLC007576) is a public limited Company domiciled in India and the equity shares of the Company is listed on Bombay Stock Exchange and National Stock Exchange. The Company and its subsidiaries viz. Cholamandalam Securities Limited and Cholamandalam Home Finance Limited (together hereinafter referred to as "Group"). The Group is one of the premier diversified financial services companies in India, engaged in providing vehicle finance, home loans and Loan against property, business of broking and distribution of financial products.

The consolidated Ind AS financial statements are presented in INR which is also functional currency of the Group.

2.1 Basis of Consolidation

The consolidated Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The consolidated Ind AS financial statements have been prepared in accordance with Ind AS. The consolidated Ind AS financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through profit and loss (FVTPL) instruments, derivative financial instruments and Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

The consolidated Ind AS financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

The consolidated Ind AS financial statements comprise the financial statements of the Company, its subsidiaries (being the entity that it controls) and its Associate as at March 31, 2020. Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

2.2 . Impact of Covid-19

The COVID-19 pandemic has resulted in a significant decrease in economic activity across the country. The Government of India and the respective State Governments announced a strict lockdown to contain the spread of the virus which was further extended twice across the nation with some relaxations in specific areas. This has had a consequential impact on the regular operations of the Company, including lending and collection activities. In respect of the Company's loan book, Management has made impairment provisions as more fully explained below. However, the full extent of impact of the COVID-19 pandemic on the Company's operations, and financial metrics (including impact on impairment provisions on loans) will further depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.

2.3. Impact of Covid-19 on Impairment Allowance

In terms of the COVID-19 Regulatory Package of the RBI, vide guidelines dated March 27, 2020 and April 17, 2020, and in accordance with the Scheme approved by the Company's Board of Directors ("Board"), the Company has granted to all eligible borrowers, moratorium of three months on the payment of all loan instalments falling due between March 1, 2020 and May 31, 2020. Further, pursuant to RBI notification dated May 23, 2020 the moratorium is being extended for a further period of three months in accordance with the Company's policy approved by its Board. In this connection, having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. Further, estimates and associated assumptions applied in preparing the financial statements, especially in respect of expected credit loss on loans, are based on historical experience and other emerging/ forward looking factors including those arising on account of the COVID-19 pandemic.

The Company, inter alia, has used relevant indicators of moratorium along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro economic conditions and has provided for an expected credit loss of Rs. 59,306 lakhs for the year ended March 31, 2020. However, considering the inherent uncertainty regarding the severity and duration of the pandemic and the resultant economic impact the company's actual impairment loss could be different from these estimates.

3A Particulars of consolidation

The financial statements of the following subsidiaries/ associates (all incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of Voting Power as on March 31, 2020	March 31, 2019
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Home Finance Limited (CHFL) (formerly known as Cholamandalam Distribution Services Limited	100.00%	100.00%
White Data Systems India Private Limited	30.87%	30.87% from Oct 2018 (63.00% up to Sep 2018)

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

3B Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equal or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4. Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

5. Significant accounting policies

5.1 Financial instruments - initial recognition

5.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

5.1.2 Initial measurement of financial instruments

All financial instruments are recognised initially at fair value, including transaction costs that are attributable to the acquisition of financial instrument, except in the case of financial instruments which are FVTPL (Fair value through profit and loss),where the transaction costs are charged to the statement of profit and loss.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

5.1.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVTPL
- FVOCI

5.1.4 Financial assets and liabilities

5.1.5 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures Bank balances, Loans, and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

5.1.6 Business model assessment

The Group determines its business model at the level that best reflects how it manages Group's of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

5.1.7 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

5.1.8 Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI (Other Comprehensive Income). Equity instruments at FVOCI are not subject to an impairment assessment.

5.1.9 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

5.1.10 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

5.1.11 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities during the reporting period.

5.2 Derecognition of financial assets and liabilities

5.2.1 Derecognition of financial assets other than due to substantial modification

5.2.1.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

5.2.1.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.3 Impairment of financial assets

5.3.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in these notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans that has been credit-impaired are based on the following, for which it records an allowance for the LTECLs.

a) Contractual payments of either principal or interest are past due for more than 90 days;

b) The loan is considered to be in default by the management.

The calculation of ECLs

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD:

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provision.

5.3.2 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

5.4 Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the company from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans and in certain cases, also exercises its right over property through legal procedures which include seizure of property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Group's accounting policy, repossessed assets are not recorded in the balance sheet, and instead their estimated realisable value is considered in determining the ECL allowance for the related Stage 3 financial assets.

5.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument in the consolidated statement of profit and loss.

5.6 Restructured, rescheduled and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Group considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

5.7 Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

5.7.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

5.8 Recognition of interest income

5.8.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan. For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

5.9 Taxes

5.9.1 Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

5.9.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.9.3 Minimum Alternative Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

5.10 Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

5.11 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is similar to those provided under Schedule II. Land is not depreciated.

Useful life of assets which is same as those prescribed as per Schedule II of the Companies Act, 2013:

Asset Description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Other Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on Management's estimation and which are different from those specified in schedule II:

Asset Description	Estimated Useful Life
Furniture and Fixtures*	5 years
Vehicles*	5 years
Membership card of stock exchanges	10 years

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

* Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

5.12 Intangible assets

The Group's other intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight line basis over a 3 year period or the license period whichever is lower. The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

5.13 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5.14 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Employees' State Insurance: The Group contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Superannuation: The Group contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India ("LIC"). The Group has no liability for future Superannuation Fund benefits other than its contribution and recognizes such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

The Group makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

5.15 Share Based Payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

5.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

5.16.1 Provision for Claw Back of Commission Income

The estimated liability for claw back of commission income is recorded in the period in which the underlying revenue is recognised. These estimates are established using historical information on the nature, frequency and expected average cost of claw back and management estimates regarding possible future incidence. The estimates used for accounting of claw back claims are reviewed periodically and revisions are made as required.

5.17 Dividends on ordinary shares

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013 in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

5.18 Determination of Fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** –Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- **Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

5.19 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

5.19.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

5.19.2 Fee Income & Sale of Services

a) Fee income from loans are recognised upon satisfaction of following:

i) Completion of service

ii) and realisation of the fee income.

b) Servicing and collections fees on assignment are recognised upon completion of service.

c) Advertising income is recognised over the contract period as and when related services are rendered.

d) Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

5.20 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

5.21 Input Tax credit (Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing / utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

5.22 Foreign Currency transactions

The Group's financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Group at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

5.23 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

5.24 Segment Information

The accounting policies adopted for Segment reporting are in line with the accounting policies of the Group with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Un-allocable".

5.25 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

5.26 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments

For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of cash management of the Group.

5.27 Leases

The Group's lease asset consists of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right to use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right to use asset if the Group changes its assessment if the whether it will exercise an extension or a termination option.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

ROU asset has been presented under Property, plant and equipment while lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Group are classified as financing cash flows.

The Group applies the short-term lease recognition exemption to its short-term leases of Buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

5.28 Trade receivable

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

6A. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period

In the process of applying the Group's accounting policies, management has made the following judgements/ estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

i) De-recognition of Financial instruments

The Group enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Group has been exposed to. Based on this assessment, the Group believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Group hence it has been concluded that securitisation transactions entered by the Group does not qualify de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Fair value note in Accounting policy

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

financial assets should be measured on a LTECL basis and the qualitative assessment

The segmentation of financial assets when their ECL is assessed on a collective basis

Development of ECL models, including the various formulas and the choice of inputs

Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

The Company has considered the impact of Covid-19 pandemic and the moratorium given to borrowers pursuant to the Covid-19 regulatory package announced by Reserve Bank of India, in determination of impairment allowance for the year. Also refer note 2.3.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

iv) Leases

a. Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

b. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to for its borrowings.

v) Provisions and other contingent liabilities

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

vi) Business Model Assessment.

The Group from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the business model for managing its financial assets its financial assets becomes a critical judgement. Refer Note 5.1.6 for related details.

6B. New Accounting standards issued and effective from April 1, 2019

New and amended standards and interpretations Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 - Operating Leases-Incentives, Appendix B of Ind AS 17 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption in accordance with Para C8 (c) (ii) to Ind AS 116 with the date of initial application being 1st April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1st April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application

The Group has lease contracts for various items of Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 3.30 - Leases for the accounting policy beginning 1st April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as Finance Leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from 1st April 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The Right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1st April 2019:

- Right-of-use assets of Rs 11,591 lakhs. were recognised and presented separately in the Balance Sheet.
- Corresponding lease liabilities of Rs.12,421 lakhs were recognised.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Financial Statements of the Company.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 7 CASH AND CASH EQUIVALENTS		
Cash on hand	330	4,997
Balances with banks		
- In Current Accounts	61,856	35,075
- In Deposit Accounts - Original maturity 3 months or less	2,86,130	2,68,762
Cheques, drafts on hand	141	7,324
On other bank balances		
- On client and exchange related accounts & other deposits	1,057	277
Total	**3,49,514**	**3,16,435**
Cash and cash equivalents	3,49,514	3,16,435
Less: Other bank balances	1,057	277
Cash and cash equivalents for cashflow purpose	**3,48,457**	**3,16,158**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 8 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
- In Deposit Accounts - Original maturity more than 3 months including interest accrued	3,11,805	1,521
- Non current bank balances	837	819
- In earmarked accounts		
- In Unpaid Dividend Accounts	73	68
- Deposits with Banks as collateral towards securitisation loan	37,837	51,995
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**3,50,560**	**54,411**

₹ in lakhs

Particulars	As at 31.03.2020			As at 31.03.2019		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilites	Notional amounts	Fair Value -Assets	Fair Value -Liabilites
Note 9 : DERIVATIVE FINANCIAL INSTRUMENTS						
Part I						
(i) Other derivatives - Cross Currency Interest Rate Swap	2,34,373	11,420	-	2,26,150	8,869	841
Total Derivative financial Instruments	**2,34,373**	**11,420**	**-**	**2,26,150**	**8,869**	**841**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cash flow hedging:						
Others - Cross currency interest rate swap	2,34,373	11,420	-	2,26,150	8,869	841
Total Derivative financial Instruments	**2,34,373**	**11,420**	**-**	**2,26,150**	**8,869**	**841**

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction represents Currency and Interest Rate Swaps. The Group undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 10 RECEIVABLES		
(i) Trade Receivables		
Considered Good*	1,503	4,128
Subtotal (i)	**1,503**	**4,128**
(ii) Other Receivables		
Considered Good*	5,052	3,908
Subtotal (ii)	**5,052**	**3,908**
Total (i)+(ii)	**6,555**	**8,036**

*Includes dues from related parties.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 11 LOANS (At amortised cost)		
(A)		
(i) Bills Discounted	8,598	8,860
(ii) Term loans	56,83,272	53,45,288
Total (A) - Gross	**56,91,870**	**53,54,148**
Less: Impairment Allowance for (i) & (ii)	(1,52,297)	(93,071)
Total (A) - Net	**55,39,573**	**52,61,077**
(B)		
(i) Secured	56,63,436	53,03,106
(ii) Unsecured	28,434	51,042
Total (B) - Gross	**56,91,870**	**53,54,148**
Less: Impairment Allowance	(1,52,297)	(93,071)
Total (B) - Net	**55,39,573**	**52,61,077**

All loans are in India and have been granted to individuals or entities other than public sector.

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and / or advances generated out of loans.

Term loans includes unsecured short term loan to an associate. The loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Group's accounting policy has been created. The details of the same are disclosed below:

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Loan - Oustanding Value		
White Data System India Private Limited - Associate	340	340
Impairment Provision		
White Data System India Private Limited - Associate	-	-

Note : 11.1 LOANS

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

₹ in lakhs

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Bills discounted								
Opening as on April 1, 2019	5,367	40	3,453	8,860	13	3	3,157	3,173
New assets originated / Increase in existing assets (Net)	5,123	42	250	5,415	31	4	100	135
Exposure de-recognised / matured / repaid	(5,349)	(39)	(289)	(5,677)	(13)	(3)	(230)	(246)

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 11.1 LOANS (Contd.)

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

₹ in lakhs

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transfer to Stage 3	-	-	-	-	-	-	-	-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	146	146
Closing as on March 31, 2020	**5,141**	**43**	**3,414**	**8,598**	**31**	**4**	**3,173**	**3,208**
Term loans								
Opening as on April 1, 2019	49,97,273	2,07,617	1,40,398	53,45,288	18,690	19,724	51,484	89,898
New assets originated / Increase in existing assets (Net)	25,49,193	25,834	9,514	25,84,541	28,640	3,982	4,031	36,653
Exposure de-recognised / matured / repaid	(20,60,421)	(1,13,388)	(48,497)	(22,22,306)	(13,214)	(5,073)	(7,497)	(25,784)
Transfer to Stage 1	59,640	(55,972)	(3,668)	-	6,161	(5,184)	(977)	-
Transfer to Stage 2	(1,84,591)	1,87,214	(2,623)	-	(811)	1,491	(680)	-
Transfer to Stage 3	(76,058)	(42,931)	1,18,989	-	(348)	(3,981)	4,329	-
Impact on account of exposures transferred during the period between stages	139	682	2,562	3,383	232	14,604	32,867	47,703
Impact of changes on items within the same stage	-	-	4,489	4,489	-	-	8,679	8,679
Write off	(16,842)	(7,034)	(8,247)	(32,123)	(259)	(2,221)	(5,580)	(8,060)
Closing as on March 31, 2020	**52,68,333**	**2,02,022**	**2,12,917**	**56,83,272**	**39,091**	**23,342**	**86,656**	**1,49,089**
Bills Discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,005)	(780)	(147)	(10,932)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,367**	**40**	**3,453**	**8,860**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,53,537	1,95,508	1,45,283	42,94,328	17,009	18,436	49,432	84,877
New assets originated / Increase in existing assets (Net)	27,39,605	28,154	5,473	27,73,232	5,732	5,997	1,890	13,619
Exposure de-recognised / matured / repaid	(15,26,859)	(1,13,192)	(55,852)	(16,95,903)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
Closing as on March 31, 2019	**49,97,273**	**2,07,617**	**1,40,398**	**53,45,288**	**18,690**	**19,724**	**51,484**	**89,898**

ECL across stages have been computed on collective basis.

The Company uses Days past due of the customer to determine the credit quality of loans.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 12 INVESTMENTS		
Investment in Equity Instruments*		
a) Unquoted - FVOCI**		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up#	-	-
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up#	-	-
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up#	-	-
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each: cost ₹ 50 only#	-	-
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	2	2
Faering Capital India Evolving Fund 29,037 units (as on March 31, 2019 - 30,781 units) of ₹10 each fully paid up	302	516
b) Quoted - FVOCI		
Bombay Stock Exchange Limited 65,000 Equity shares of ₹ 1 each fully paid up	194	398
Madras Enterprises Limited 2,85,000 Equity shares of ₹ 1 each fully paid up#	-	-
Coromandel Engineering Co. Ltd 25,00,100 Equity shares of ₹ 10 each fully paid up	295	715
Total	**793**	**1,631**

*Investments are made in India

** The Group has designated certain unquoted investments as FVOCI on the basis that these are not held for trading.

represents amount less than Rs 1 lakh.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 13 OTHER FINANCIAL ASSET		
At amortised cost		
Unsecured - considered good (unless otherwise stated)		
Security deposits	4,949	3,298
Interest only strip receivable	35,782	9,062
Other advances (Refer Note 39)	3,182	2,616
Total	**43,913**	**14,976**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 14 DEFERRED TAX		
Deferred Tax Assets		
Impairment allowance for financial instruments	37,741	32,430
Provision for Contingencies and undrawn commitments	1,004	1,379
Provision for Claw back	1	5
Provision for Compensated Absences and Gratuity	1,313	1,280
Impact of Effective interest rate adjustment on Financial Assets	7,815	9,761
Contract liability as per IND AS 115	413	995
Depreciation	968	671
Carry forward of tax losses	254	299
MAT credit entitlement	293	327
Items recognised in OCI	2,762	-
Others	607	376
(A)	**53,171**	**47,523**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	424	856
Items recognised in OCI	-	655
(B)	**424**	**1,511**
Net Deferred Tax Assets (A) - (B)	**52,747**	**46,012**

₹ in lakhs

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	(5,311)	-	3,730	-
Provision for Contingencies and undrawn commitments	375	-	(10)	-
Provision for Claw back	4	-	5	-
Provision for Compensated Absences and Gratuity	(33)	-	360	-
Impact of Effective interest rate adjustment on Financial Assets	1,946	-	3,554	-
Contract liability as per IND AS 115	582	-	-	-
Depreciation	(297)	-	(100)	-
Carry forward of tax losses and MAT entitlement credit	11	-	299	-
Others	(231)	-	99	-
(A)	**(2,954)**	**-**	**7,937**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	432	-	(328)	-
Gain on de-recognition of loans	-	-	(1,404)	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	127	-	(245)
Cashflow Hedge Reserve	-	3,261	-	437
(B)	**432**	**3,388**	**(1,732)**	**192**
Net deferred tax charge / (reversal) (A) - (B)	**(3,386)**	**(3,388)**	**9,669**	**(192)**

Pursuant to the Taxation Laws (Amendment) Bill 2019, passed on 25th November 2019, the Company had exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 ,to compute income tax at revised rate (i.e.25.17%) from current financial year and accordingly, had re-measured deferred tax as at April 1, 2019. The re-measurement has resulted in additional tax charge of ₹ 12,845 lakhs in the statement of profit and loss and additional tax benefit of ₹ 172 lakhs in other Comprehensive income for the year.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Total
Note : 15 INVESTMENT PROPERTIES	
Gross carrying amount as at April 1, 2018	**5**
Additions*	9
Disposals	-
Gross carrying amount as at March 31, 2019	**14**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2020	**14**
Accumulated depreciation and impairment	
Balance as at April 1, 2018	**-**
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	**-**
Depreciation for the period	-
Depreciation on disposals	-
Balance as at March 31, 2020**	**-**
Net Carrying amount	
As at March 31, 2019	**14**
As at March 31, 2020	**14**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

Note: The Group's investment property consists of 4 properties and has let out one property as at March 31, 2020.

*Additions represents transfer from Property, plant and equipments.

** represents amount less than ₹ 100,000

i) Income earned and expense incurred in connection with Investment Property

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Rental Income	4	4
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generated rental income	-	-

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements

Certain investment properties are leased out to tenants under cancellable operating lease.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
iv) Fair Value		
Investment Property	299	287

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 15 INVESTMENT PROPERTIES (Contd.)

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value (₹ in lakhs)	Sensitivity (₹ in lakhs)
v) Sensitivity analysis						
Investment property As at March 31 2020	Based on Market value	Price per Sq. feet	₹7,000 - ₹13,000 per Sq. feet	5%	299	15
Investment property As at March 31 2019	Based on Market value	Price per Sq. feet	₹7,000 - ₹13,000 per Sq. feet	5%	287	14

₹ in lakhs

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below)		Total
							Own Assets	Right of Use Asset	
Note : 16 PROPERTY, PLANT AND EQUIPMENT									
Gross carrying amount as at April 1, 2018	**3,956**	**3,959**	**1,626**	**1,382**	**2,940**	**1,273**	**2,575**	**-**	**17,711**
Additions	-	1,991	563	484	801	592	-		4,431
Disposals	-	4	19	3	19	258	9		312
Gross carrying amount as at March 31, 2019	**3,956**	**5,946**	**2,170**	**1,863**	**3,722**	**1,607**	**2,566**	**-**	**21,830**
Additions		2,463	735	685	1,359	580	137	15,289	21,248
Disposals		18	57	85	40	201	398	-	799
Gross carrying amount as at March 31, 2020	**3,956**	**8,391**	**2,848**	**2,463**	**5,041**	**1,986**	**2,305**	**15,289**	**42,279**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2018	**-**	**1,486**	**477**	**659**	**727**	**226**	**48**	**-**	**3,623**
Depreciation for the year		1,790	463	477	757	327	48		3,862
Depreciation on disposals		2	9	2	6	133	-		152
Balance as at March 31, 2019	**-**	**3,274**	**931**	**1,134**	**1,478**	**420**	**96**	**-**	**7,333**
Depreciation for the year		2,076	567	657	1,031	373	425	4,259	9,388
Depreciation on disposals		20	42	67	30	121	398	-	678
Balance as at March 31, 2020	**-**	**5,330**	**1,456**	**1,724**	**2,479**	**672**	**123**	**4,259**	**16,043**
Net Carrying amount									
As at March 31, 2019	**3,956**	**2,672**	**1,239**	**729**	**2,244**	**1,187**	**2,470**	**-**	**14,497**
As at March 31, 2020	**3,956**	**3,061**	**1,392**	**739**	**2,562**	**1,314**	**2,182**	**11,030**	**26,236**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation				Straight-line method					

Note

1. Details of Immovable properties of land and buildings, whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security, has been explained in Note 19.1
2. Disposal represents transfer to Investment property.
3. The Group has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

₹ in lakhs

Particulars	Computer Software
Note : 17 INTANGIBLE ASSETS	
Deemed cost as at April 1, 2018	**3,463**
Additions	1,914
Disposals	-
Gross carrying amount as at March 31, 2019	**5,377**
Additions	1,587
Disposals	204
Gross carrying amount as at March 31, 2020	**6,760**
Accumulated Amortization and impairment	
Balance as at April 1, 2018	**1,361**
Amortization for the year	1,798
Amortization on disposals	-
Balance as at March 31, 2019	**3,159**
Amortization for the period	1,738
Amortization on disposals	204
Balance as at March 31, 2020	**4,693**
Net Carrying amount	
As at March 31, 2019	**2,220**
As at March 31, 2020	**2,067**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 18 OTHER NON FINANCIAL ASSETS		
Unsecured - considered good		
Prepaid expenses	1,489	1,195
Capital advances	114	224
Other assets	424	398
Total	**2,027**	**1,817**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 19 DEBT SECURITIES (at amortised cost)		
Redeemable Non-Convertible Debentures Medium - Term - Secured	5,74,418	10,54,445
Commercial Papers - Unsecured	1,58,265	3,63,986
Total	**7,32,683**	**14,18,431**

All debt securities in india

19.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property situated at Chennai.

(ii) The Group has not defaulted in the repayment of dues to its lenders.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

19.2 Details of Debentures - Contractual principal repayment value

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Rate of interest %
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	15,000	Apr-24	8.62
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,350	10,00,000	13,500	-	Feb-23	7.41
1,000	10,00,000	10,000	-	Dec-22	7.98
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	35,230	Sep-21	8.45
1,250	10,00,000	12,500	-	Aug-21	8
2,550	10,00,000	25,500	25,500	Jul-21	9.06
4,010	10,00,000	40,100	20,000	Jun-21	8.49 to 8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.0874
1,500	10,00,000	15,000	-	Mar-21	8.85
600	10,00,000	6,000	6,000	Feb-21	9.09
1,350	10,00,000	13,500	-	Jan-21	8.11
3,500	10,00,000	35,000	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	48,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.11 to 9.02
500	10,00,000	-	5,000	Mar-20	9.02
9,850	10,00,000	-	98,500	Feb-20	7.97 to 8.85
5,500	10,00,000	-	55,000	Dec-19	7.97
2,750	10,00,000	-	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	-	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	-	58,500	Sep-19	8.06 to 8.46
2,250	10,00,000	-	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	-	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	-	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	-	67,500	May-19	8.03 to 9.20
1,100	10,00,000	-	11,000	Apr-19	8.00 to 9.20
		4,62,990	**8,81,890**		

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 19 DEBT SECURITIES (at amortised cost) (Contd.)

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

₹ in lakhs

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
500	10,00,000	5,000	-	Jan-23	12,54,470	2,54,470
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	11,500	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	-	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	-	800	Jul-19	12,98,729	2,98,729
500	10,00,000	-	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	-	800	Apr-19	13,08,150	3,08,150
250	10,00,000	-	2,500	Apr-19	13,13,730	3,13,730
		72,900	**84,500**			

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Put option

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
15	10,00,000	-	150	Mar-21	Feb-20	8.85
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		100	**250**			

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 20 BORROWINGS (Other than Debt Securities) at amortised cost		
A) Term Loans		
(i) (a) From Banks - Secured		
- Rupee Loans	34,41,247	21,97,592
- Foreign currency Loans	11,788	2,00,467
- External Commercial Borrowings	2,47,326	34,629
(b) From Banks - Unsecured		
- Short term loans	-	15,000
ii) From Other Parties - Secured		
(a) Financial Institutions - Rupee Loans	1,63,258	93,481
(b) Securitisation - Rupee Loans	4,63,131	5,49,261
B) Loan repayable on demand - Secured from Banks - Rupee Loans	558	1,21,945
Total	**43,27,308**	**32,12,375**

Borrowings within India	40,79,982	31,77,746
Borrowings Outside India	2,47,326	34,629

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

20.1 Security

(i) Secured term loans from banks and financial institution are secured by way of specific /pari passu charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(ii) Loan repayable on demand is in the nature of Cash Credit from banks and is secured by way of floating charge on assets under hypothecation and other assets.

(iii) The Group has not defaulted in the repayment of dues to its lenders.

(iv) Securitisation borrowing represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to Deed of Assignment. The Company has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee and also Refer note 8

20.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2020	31.03.2019
Base Rate / MCLR	< 1year	1	1,05,833	21,000
		2	1,38,750	-
		3	57,188	12,000
		4	53,334	20,000
		8	60,000	-
	1 - 2 years	1	92,917	60,000
		2	96,667	-
		4	1,92,084	60,000
		8	60,000	-
	2 - 3 years	1	1,30,000	40,000
		2	2,48,751	-
		3	-	15,000
		4	79,582	-
		8	60,000	-
	3 - 4 years	1	8,333	-
		2	1,63,334	-
		4	60,000	-
		6	-	1,00,000
		8	60,000	-
		16	-	25,000
	4 - 5 years	1	21,665	-
		2	90,000	-
		4	40,000	-
		6	-	80,000
		7	9,375	-
	> 5 Years	1	5,000	-
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	3,37,500	52,000
		4	80,000	-
	1 - 2 years	1	4,92,500	3,10,000
		3	18,750	-
		4	72,500	50,000
		6	12,500	-
	2 - 3 years	1	18,750	5,20,000
		2	30,000	-
		4	72,500	1,00,000

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

20.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2020	Amount outstanding 31.03.2019
		6	12,500	-
		8	-	1,00,000
	3 - 4 years	1	12,500	1,00,000
		2	30,000	-
		4	72,500	-
		6	12,500	-
	4- 5 years	10	-	1,00,000
		20	-	3,00,000
	>5 Years	2	5,000	-
Rate based on T Bill + Spread	< 1 year	1	74,400	5,000
		2	32,500	-
	1 - 2 years	1	29,400	20,000
		3	-	3,000
		4	25,000	-
		5	-	8,334
	2 - 3 years	1	29,400	-
		2	12,500	-
		4	-	-
	3 - 4 years	3	-	28,200
Fixed Rate	< 1year	1	-	74,000
		2	12,200	
		4	28,000	-
	1 - 2 years	2	6,000	-
		4	40,400	-
	2 - 3 years	4	39,400	-
		10	-	30,000
		4	24,400	
		16	-	63,000
	4 - 5 years	2	12,100	-
3Months Repo	< 1year	4	18,000	
	1 - 2 years	1	30,000	
		8	36,000	
	2 - 3 years	8	36,000	30,000
Total			**35,98,513**	**23,26,534**
USD 2Y MIBOR + Spread	< 1year	1	4,000	-
	1-2 years	1	-	4,000
USD 3M LIBOR + Spread	< 1year	2	11,668	-
	1-2 years	5	-	20,000
USD 6M LIBOR + Spread	< 1year	1	-	1,47,500
	1-2 years	1	37,830	-
	2-3 years	1	1,36,188	34,650
	4 - 5 years	1	69,607	-
Total			**2,59,293**	**2,06,150**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Details of Securitised loan

₹ in lakhs

Rate of Interest	Maturity	Amount outstanding* 31.03.2020	31.03.2019
	Less than 1 year	1,58,012	1,90,854
Fixed	1-2 year	1,24,382	1,26,195
(4.9% to 8%)	2-3 year	54,213	56,971
	3-4 year	15,261	13,886
	4-5 year	5,593	6,506
	more than 5 years	17,222	26,700
Total		**3,74,683**	**4,21,112**
	Less than 1 year	6,753	11,287
Floating	1-2 year	7,928	11,921
Base Rate/ MCLR - spread	2-3 year	8,439	12,280
(0.75% to 2.65%)	3-4 year	9,088	12,060
	4-5 year	9,411	12,319
	more than 5 years	46,706	66,786
Total		**88,325**	**1,26,653**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

20.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 21 SUBORDINATED LIABILITIES (at amortised cost)		
Perpetual Debt - Unsecured	1,49,597	1,44,179
Subordinated Debt - Unsecured		
a) Rupee Denominated Bonds	40,677	-
b) Other Subordinated Debts	2,50,278	2,81,689
Total	**4,40,552**	**4,25,868**

(i) All Subordinated liabilities have been contracted in India except for Rupee denominated bonds issued for ₹ 40,677 lakhs in FY19-20.
(ii) The Group has not defaulted in the repayment of dues to its lenders.

21.1 Details of Subordinated Liabilities - Contractual principal repayment value

(i) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Rate of interest %
400	1,00,00,000	40,000	-	Jan-30	9.25
3000	10,00,000	30,000	30,000	Aug-28	9.75
5300	10,00,000	53,000	53,000	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

21.1 Details of Subordinated Liabilities - Contractual principal repayment value (Contd.)

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Rate of interest %
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	-	7,500	Dec-19	11.50
700	10,00,000	-	7,000	Jun-19	11.40
1,500	10,00,000	-	15,000	May-19	11.70 to 11.75
		2,79,150	**2,68,650**		

(ii) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt -Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

(iii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at 31.03.2020 ₹ in lakhs	Balance as at 31.03.2019 ₹ in lakhs	Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
1000	5,00,000	5,000	-	Dec-29	10.75
1120	5,00,000	5,600	5,600	Mar-29	10.83
5000	5,00,000	25,000	25,000	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,45,670	**1,40,670**		

Company can redeem using Call option on the maturity date with prior approval of RBI.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 22 OTHER FINANCIAL LIABILITIES		
Unpaid dividend	73	68
Advance from customers	1,999	1,991
Security deposits received	216	221
Collections towards derecognised assets pending remittance	15,955	4,607
Other liabilities	8,817	14,789
Lease liability (Refer Note 50)	12,425	-
Total	**39,485**	**21,676**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 23 PROVISIONS		
Provision for Employee Benefits		
Compensated absences	5,182	3,578
	5,182	**3,578**
Other Provisions		
Provision for contingencies and service tax claims (Refer note 41)	3,838	3,837
Provision for expected credit loss towards undrawn commitments (Refer note 41)	131	51
	3,969	3,888
Total	**9,151**	**7,466**

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 24 OTHER NON FINANCIAL LIABILITIES		
Income received in advance	1,712	2,303
Others	955	834
Statutory liabilities	1,075	2,308
Total	**3,742**	**5,445**

₹ in lakhs

Particulars	As at 31.03.2020		As at 31.03.2019	
	Nos.	Amount	Nos.	Amount
Note : 25 EQUITY SHARE CAPITAL*				
AUTHORISED				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	1,20,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**
ISSUED				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	82,02,61,529	16,405	15,64,95,867	15,650
		16,405		**15,650**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	81,95,77,759	16,391	15,63,59,113	15,636
Add : Forfeited Shares	6,54,500	7	1,30,900	6
		16,398		**15,642**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year/period:

₹ in lakhs

Particulars	As at 31.03.2020		As at 31.03.2019	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the period	15,63,59,113	15,636	15,63,31,371	15,633
Additional shares pursuant to share split during the period	62,54,36,452	-	-	-
Issued during the year				
a) Qualified institutional Placement	2,81,25,000	563	-	-
b) Preferential Issue to the holding company	93,45,794	187	-	-
c) Employees Stock Option (ESOP) Scheme	3,11,400	5	27,742	3
Outstanding at the end of the period/ year	**81,95,77,759**	**16,391**	**15,63,59,113**	**15,636**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**1,30,900**	**7**

Terms/rights attached to Equity shares

The Company has only one class of equity shares having a par value of ₹ 2 (March 2019 - ₹10) per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

b) Equity Shares held by Holding Company

Particulars	As at 31.03.2020	As at 31.03.2019
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited") - Holding Company	37,28,85,889	7,25,33,019

c) Details of shareholding more than 5% shares in the Company

₹ in lakhs

Particulars	As at 31.03.2020		As at 31.03.2019	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares				
Cholamandalam Financial Holdings Limited - Holding Company	37,28,85,889	45.50	7,25,33,019	46.39

*During the current period, shares of face value of ₹ 10/- each have been split into 5 equity shares of face value of ₹ 2/- each

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d) Issue of Shares on preferential basis and Qualified institutional placement

On January 31, 2020 the Company alloted 2,81,25,000 equity shares of ₹ 2 each at a premium of ₹ 318 per share aggregating to ₹ 90,000 lakhs to eligible investors through Qualified institutional placement.

On March 9, 2020 the Company alloted 93,45,794 equity shares of ₹ 2 each at a premium of ₹ 319 per share aggregating to ₹ 30,000 lakhs to the holding company under preferential allotment route.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 26 OTHER EQUITY		
Statutory Reserve (Refer Note a)		
Balance at the beginning of the year	1,06,046	82,046
Add: Amount transferred from retained earnings	22,000	24,000
Closing balance at the end of the year	**1,28,046**	**1,06,046**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 26 OTHER EQUITY (Contd.)		
Capital Reserve (Refer Note b)		
Balance at the beginning of the year	4	4
Add: Changes during the year	-	-
Closing balance at the end of the year	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the year	3,300	3,300
Add: Changes during the year	-	-
Closing balance at the end of the year	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the year	1,66,850	1,66,680
Add: Premium on issue of shares on preferential basis (Refer note 25a)	29,813	-
Add: Premium on issue of shares on Qualified Institutional placement (Refer note 25a)	89,437	
Add: Premium on ESOPs exercised	499	170
Less: Share issue expenses	(921)	-
Closing balance at the end of the year	**2,85,678**	**1,66,850**
General Reserve (Refer Note e)		
Balance at the beginning of the year	2,50,967	1,90,967
Add: Amount transferred from retained earnings	50,000	60,000
Closing balance at the end of the year	**3,00,967**	**2,50,967**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the year	1,861	1,046
Addition during the year	1,156	815
Closing balance at the end of the year	**3,017**	**1,861**
Retained Earnings (Refer Note g)		
Balance at the beginning of the year	76,848	53,760
Profit for the year	1,05,372	1,19,806
Less:		
Dividend		
Equity - Final	(8,798)	(3,127)
Equity - Interim	(7,819)	(7,036)
Distribution tax on Equity Dividend	(3,416)	(2,089)
Transfer to Statutory Reserve	(22,000)	(24,000)
Transfer to General Reserve	(50,000)	(60,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligation (Net) transferred to Retained Earnings	(379)	(466)
Closing balance at the end of the year	**89,808**	**76,848**
Cashflow hedge reserve (Refer Note h)		
Balance at the beginning of the year	(1,208)	(2,077)
Addition	(5,971)	869
Closing balance at the end of the year	**(7,179)**	**(1,208)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the year	561	1,180
Addition	(624)	(619)
Deduction	-	-
Closing balance at the end of the year	**(63)**	**561**
Share Application Money pending Allotment at the end of the year (Refer note j)	**10**	**-**
Total Other Equity	**8,03,588**	**6,05,229**

a) Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss account, before any dividend is declared. During the current year ended March 31, 2020, the Company has transferred an amount of Rs 22,000 lakhs to the reserve created as per these provisions.

b) Capital reserve represents the reserve created on account of amalgamation of Chola Factoring Limited in the year 2013-14.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

c) Capital redemption reserve represents the amount equal to the nominal value of shares that were redeemed during the prior years. The reserve can be utilized only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

d) Securities premium reserve is used to record the premium on issue of shares. The premium received during the period represents the premium received towards allotment of equity shares issued under Qualified institutional placement, Preferential allotment to holding company and ESOP scheme. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the Section 52 of the Companies Act, 2013.

e) The general reserve is a free reserve, retained from Group's profits and can be utilized upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

f) Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting year as employee compensation costs, reflecting the year of receipt of service.

g) The amount that can be distributed by the Group as dividends to its equity shareholders is determined based on the financial position of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported in retained earnings are not distributable in entirety.

h) Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group accounting policies.

i) FVOCI Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income.

j) Share application money pending allotment as at March 31, 2020 represents amount received towards 5000 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
REVENUE FROM OPERATIONS		
Note: 27A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
- Bills Discounting	721	1,027
- Term Loans	7,83,412	6,48,551
(b) Bank Deposits		
- Bank Deposits under lien	3,845	4,384
- Other Bank Deposits free of lien	20,526	3,660
(c) Other Deposits		
- Deposits with Financial Institutions	3,961	-
Total (A)	**8,12,465**	**6,57,622**
Note: 27B		
i) Fee & Commission income *		
- Term loans	18,987	17,606
- Others	5,883	6,095
Total (B)	**24,870**	**23,701**
*Services are transferred at a point in time		
Note: 27C		
Net gain on fair value changes on FVTPL - Realised		
Income from mutual funds	1,569	6,334
Total (C)	**1,569**	**6,334**
Note: 27D		
(i) Sale of Services (Refer note below)		
(a) Servicing and Collection fee on Assignment	485	242
(b) Other Servicing Income	7,085	8,800
(c) Freight Income	-	3,393
Total (D)	**7,570**	**12,435**
Note: Timing of revenue recognition		
Services transferred at a point in time	6,970	8,194
Services transferred over a time	600	606
Total	**7,570**	**8,800**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 27 REVENUE FROM OPERATIONS (Contd.)

Details related to services transferred over a time.

a) Contract balances

₹ in lakhs

Particulars	**As at 31.03 2020**	**As at 31.03.2019**
Contract Liabilities	1,641	2,241

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

₹ in lakhs

Particulars	**2019-20**	**2018-19**
Contract liability at the beginning of the period	2,241	2,847
Revenue Recognised during the period	600	606
Contract liability at the end of the period	1,641	2,241

c) Total Revenue from contracts with Customer

₹ in lakhs

Particulars	**2019-20**	**2018-19**
Total Revenue from contracts with Customer*	32,440	36,136

*Represents fee income (note 27 B) and sale of services (note 27 D)

d) Due to Group's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2019)

f) Performance Obligation:

- Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee representative.
- Other Service Income: To provide required details to the customer and enable space for advertising at the branches.

g) There are no significant return / refund / other obligations for any of the above mentioned services.

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 28 OTHER INCOME		
Dividend Income from long-term investments	37	23
Gain on loss of control in Subsidiary	-	2,029
Rent	9	29
Miscellaneous Income	16	40
Total	**62**	**2,121**

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 29 FINANCE COSTS		
Interest on financial liabilities measured at amortised cost		
- Debt Securities	1,01,821	1,36,560
- Borrowings Other than Debt securities	3,12,236	1,89,283
- Subordinated Liabilities	42,567	31,588
Others		
- Bank charges	1,363	1,383
- Interest on lease liability	1,183	-
Total	**4,59,170**	**3,58,814**

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 30 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
Loss Assets Written Off (Net) / disposal of repossessed assets*	30,427	24,248
Impairment provision- Loans - measured at amortised cost	59,308	6,886
Total	**89,735**	**31,134**

* Includes Loss on disposal of repossessed vehicles - Gross - ₹ 5,304 lakhs for the year ended March 31, 2020 (₹ 9,959 lakhs - March 31, 2019)

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 31 EMPLOYEE BENEFITS EXPENSES		
Salaries, Bonus and Commission	62,799	54,782
Contribution to Provident and Other Funds		
- Employees' Provident Fund	2,913	2,257
- Superannuation Fund	333	256
Share based employee payments	1,161	811
Gratuity Expense (Refer note 37)	982	689
Staff Welfare Expenses	1,844	1,673
Total	**70,032**	**60,468**

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 32 OTHER EXPENDITURE		
Rent and facility charges	1,187	5,349
Rates and Taxes	1,197	755
Energy cost	1,444	1,216
Repairs and Maintenance	409	319
Communication Costs	3,104	2,557
Business development expense	27	34
Brokerage	161	177
Deputation charges	-	3,575
Freight charges	-	3,369
Printing and Stationery	1,456	1,255
Advertisement and publicity Expenses	1,454	1,600
Directors Fees, allowances and expenses	87	69
Auditors' Remuneration	169	81
Legal and Professional Charges	4,527	4,710
Insurance	1,579	1,192
Travelling and Conveyance	5,683	4,672
Information Technology Expenses	2,569	2,581
Loss on Sale of Property, Plant and Equipment (Net)	13	17
Change in fair value of financial instruments	140	-
Recovery Charges	28,959	20,294
Corporate Social Responsibility Expenditure (Refer Note 32.1)	2,888	2,318
Outsource cost	24,017	15,294
Miscellaneous Expenses (Refer note 32.2)	1,452	430
	82,522	71,864
Less : Expenses Recovered	(143)	(249)
Total	**82,379**	**71,615**

32.1 Details of CSR expenditure

	Year ended 31.03.2020	Year ended 31.03.2019
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,887	2,305
Amount spent during the year		
(a) Construction/ acquisition of asset	-	-
(b) Others	2,888	2,305

32.2 Donation to electoral trust	500	-

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 33 Earnings per share

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Profit After Tax (₹ in lakhs)	**1,05,372**	**1,19,659**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**1,05,372**	**1,19,659**
Weighted Average Number of Equity Shares (Basic)	78,71,82,549	78,17,31,200
Add: Dilutive effect relating to ESOP/CCPS	8,80,135	5,77,995
Weighted Average Number of Equity Shares (Diluted)	78,80,62,834	78,23,09,195
Earnings per Share - Basic (₹)	**13.39**	**15.31**
Earnings per Share - Diluted (₹)	**13.37**	**15.30**
Face Value Per Share (₹)	2	2

Note:

Earnings per Share calculations are done in accordance with Ind AS 33 "Earnings per Share". Equity shares have been divided into face value of ₹ 2 per share in pursuant to resolution passed through a postal ballot for which the results have been declared on June 3, 2019 and consequently, the number of equity shares for the year ended March 31, 2019 have been retrospectively adjusted as required by Ind AS 33.

Note : 34 Income tax reconciliation

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and March 31, 2019, is as follows:

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Accounting profit before tax from continuing operations	1,55,882	1,83,153
Income tax rate of 25.168% (March 31, 2019: 34.944%)	39,235	64,000
Effects of:		
Impact of difference in tax base for Donations & CSR expense	324	461
Share based payment expense – No deduction claimed under tax	290	279
Impact of Deduction u/s 35(1)(ii)		(189)
Impact of Deduction u/s 80JJA	(19)	(360)
Other adjustments	733	(732)
Enacted tax rate on opening Deferred tax asset	12,845	-
Income tax expense reported in consolidated statement of Profit and Loss	53,408	63,459

The effective income tax rate for March 31, 2020 is 25.17% (March 31, 2019: 34.944%).

Note : 35 TRANSFER OF FINANCIAL ASSETS

35.1 Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

A) Securitisation

The Group has Securitised certain loans, however the Group has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost	4,92,803	5,64,273
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	4,63,131	5,49,261
Fair value of assets	4,85,991	5,87,198
Fair value of associated liabilities	4,65,551	5,50,860
Net position at Fair Value	20,440	36,338

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

B) Direct bilateral assignment

The Company has transferred certain loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Group's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Assignment		
Carrying amount of de-recognised financial asset	5,12,585	1,67,117
Carrying amount of Retained Assets at amortised cost	55,789	19,020

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Assignment		
Gain on sale of the de-recognised financial asset	24,727	8,670

35.2 Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

Note : 36 Micro, Small & Medium Enterprises

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at March 31, 2020 and as at March 31, 2019

The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Principal amount due to suppliers under MSMED Act, as at the year end	70	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 37 RETIREMENT BENEFIT

A) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the period, the Group recognised Rs 2,913 lakhs (Previous year - Rs 2,257 lakhs) to Provident Fund under Defined Contribution Plan, Rs 333 lakhs (Previous year - Rs 256 lakhs) for Contributions to Superannuation Fund and Rs 108 lakhs (Previous year - Rs 208 lakhs) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

The Group's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Change in Defined Benefit Obligation and Fair Value of Plan assets:

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Defined Benefit Obligation at the beginning of the year	**4,586**	**3,152**
Current Service Cost	908	716
Interest Cost	334	240
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	312	88
b) Effect of experience adjustments	174	550
c) Changes in demographic assumptions	(4)	-
Benefits paid	(174)	(177)
Transfer in / Out	(18)	17
Defined Benefit Obligation at the end of the year	**6,118**	**4,586**
Change in Fair Value Plan Assets		
Fair Value of Plan Assets at the Beginning of the year	3,555	3,480
Expected Returns on Plan Assets	260	264
Employer's Contribution	1062	43
Benefits Paid	(174)	(177)
Return on plan assets (excluding amount recognized in net interest expense)	(24)	(72)
Transfer in / Out	-	17
Fair Value of Plan Assets at the end of the year	**4,679**	**3,555**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the year	4,679	3,555
Defined Benefit Obligation at the End of the year	(6,118)	(4,586)
Amount Recognised in the Balance Sheet	**(1,439)**	**(1,031)**
Cost of the Defined Benefit Plan for the year		
Current Service Cost	908	716
Net interest expense	334	240
Expected Return on Plan Assets	(260)	(264)
Net Cost recognized in the statement of Profit and Loss	**982**	**692**
Remeasurement Losses /(Gains)		
a) Effect of changes in financial assumptions	312	87
b) Effect of experience adjustments	174	550
c) Changes in demographic assumptions	(4)	
d) Return on plan assets (excluding interest income)	24	72
Net cost recognised in Other Comprehensive Income	**506**	**709**
Assumptions		
Discount Rate	6.45% p.a.	7.30% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 37 RETIREMENT BENEFIT (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a	13% p.a
- Others	13% p.a.	13% p.a.
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the subsequent periods: (valued on discounted basis)		
Within the next 12 months (next annual reporting period)	664	555
Between 2 and 5 years	3,008	2,300
Between 5 and 10 years	2,874	2,289
Beyond 10 Years	3,363	2,758
Total Expected Cash flows	**9,909**	**7,902**

₹ in lakhs

Particulars	31.03.2020		31.03.2019	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis:				
Discount Rate (+/- 1%)	6,866	7,775	4,297	4,825
Salary Growth Rate (+/- 1%)	7,718	6,901	4,844	4,279
Attrition Rate (+/- 50% of attrition rates)	7,050	7,636	4,454	4,648
Mortality Rate (+/- 10% of mortality rates)	5,987	5,987	4,456	4,456

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Group's best estimate of contribution during the next year is ₹ 2,623 lakhs (March 31, 2019 -1,793 lakhs).
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Assumptions		
Discount Rate	6.45% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a.	13% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2020.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 38 SEGMENT INFORMATION

The Group is primarily engaged in the business of financing. All the activities of the Group revolve around the main business. Further, the Group does not have any separate geographic segments other than India

During year ended March 31, 2020, for management purposes, the Group has been organised into three operating segments based on products and services, as follows

- Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipments and loan to automobile dealers.
- Home Equity - Loans to customer against immovable property
- Others - Loans given for acquisition of residential property, loan against shares, and other unsecured loans & security broking and insurance agency business.

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on an entity as whole basis and are not allocated to operating segments..

₹ in lakhs

Particulars	Year ended March 31, 2020				
	Vehicle finance	Home equity	Others	Unallocable	Total
Revenue from Operations					
- Interest Income	6,26,829	1,25,291	32,032	28,313	8,12,465
- Net gain on derecognition of financial instruments under amortised cost category	9,303	6,180	9,244	-	24,727
- Fee Income	16,722	2,003	6,101	44	24,870
- Net gain on Fair value change on financial instrument	-	-	6	1,563	1,569
- Sale of Services	6,560	731	279	-	7,570
Segment revenue from Operations (I)					
- Other income (II)	-	-	35	27	62
Total Segment Income - (I) + (II)	**6,59,414**	**1,34,205**	**47,697**	**29,947**	**8,71,263**
Expenses					
- Finance costs	3,47,457	79,477	18,247	13,989	4,59,170
- Impairment of Financial Instruments	77,581	9,591	1,828	735	89,735
- Employee benefits expense	54,205	6,916	8,707	204	70,032
- Depreciation and amortisation expense	9,068	992	691	374	11,125
- Other expenses	68,481	5,610	4,443	3,845	82,379
Segment Expenses	**5,56,792**	**1,02,586**	**33,916**	**19,147**	**7,12,441**
Segment Profit before taxation	**1,02,622**	**31,619**	**13,781**	**10,800**	**1,58,822**
Tax expense					53,408
Share of loss from associate			(42)		(42)
Profit for the year					**1,05,372**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 38 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Year ended March 31, 2019				
	Vehicle finance	Home equity	Others	Unallocable	Total
Revenue from Operations					
- Interest Income	5,19,129	1,08,421	22,078	7,994	6,57,622
- Net gain on derecognition of financial instruments under amortised cost category	-	8,670	-	-	8,670
- Fee Income	15,788	1,711	6,203	(1)	23,701
- Net gain on Fair value change on financial instrument	-	-	6	6,328	6,334
- Sale of Services	8,064	237	3,514	620	12,435
Segment revenue from Operations (I)					
- Other income (II)	-	-	2,054	67	2,121
Total Segment Income - (I) + (II)	**5,42,981**	**1,19,039**	**33,855**	**15,008**	**7,10,883**
Expenses					
- Finance costs	2,80,602	70,732	12,167	(4,687)	3,58,814
- Impairment of Financial Instruments	27,291	(433)	4,276	-	31,134
- Employee benefits expense	50,552	5,287	4,436	193	60,468
- Depreciation and amortisation expense	4,962	513	224	-	5,699
- Other expenses	52,667	5,228	11,383	2,337	71,615
Segment Expenses	**4,16,074**	**81,327**	**32,486**	**(2,157)**	**5,27,730**
Segment Profit before taxation	**1,26,907**	**37,712**	**1,369**	**17,165**	**1,83,153**
Tax expense					**63,459**
Share of loss from associate	-	-	(35)	-	(35)
Profit for the year	**-**	**-**	**-**	**-**	**1,19,659**

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on March 31, 2020					
Segment Assets	42,15,030	10,53,555	2,76,249		55,44,834
Unallocable Assets				8,60,069	8,60,069
Total Assets					**64,04,903**
Segment Liabilities	36,76,775	9,19,017	2,38,884		48,34,676
Unallocable Liabilities				7,50,241	7,50,241
Total Liabilities					**55,84,917**
As on March 31, 2019					
Segment Assets	40,60,588	9,95,439	2,11,088		52,67,115
Unallocable Assets				4,81,897	4,81,897
Total Assets					**57,49,012**
Segment Liabilities	36,70,570	9,00,231	1,89,857		47,60,658
Unallocable Liabilities				3,67,483	3,67,483
Total Liabilities					**51,28,141**

In computing the segment information, certain estimates and assumptions have been made by the management, which have been relied upon.

As the asset are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Group's total revenue in the Current year and Previous year.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 39 RELATED PARTY DISCLOSURES

List of Related Parties

- **Holding Group :** Cholamandalam Financial holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding Group:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding Group:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Company Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Group:** Cholamandalam MS Risk Services Limited
- **Associate :** White Data Systems India Private Limited (Effective Oct' 2018)
- **Key Managerial Personnel:**
  - Mr. N Srinivasan, Executive Vice Chairman and Managing Director (upto August 18, 2018);
  - Mr. Arun Alagappan, Executive Director (From August 19, 2017) and Managing Director (From November 15, 2019)
  - Mr. D. Arulselvan, Chief Financial Officer
  - Ms. P. Sujatha, Company Secretary
  - Mr. Ravindra Kumar Kundu, Executive Director (From January 23, 2020)
- **Non-Executive Directors**
  1. Mr. M B N Rao (upto July 26, 2018)
  2. Mr. V Srinivasa Rangan (upto March 31, 2019)
  3. Ms. Bharati Rao (up to July 30, 2019)
  4. Mr. Ashok Kumar Barat
  5. Mr. M M Murugappan (From May 31, 2018)
  6. Mr. N Ramesh Rajan (From October 30, 2018)
  7. Mr. Rohan Verma (From March 25, 2019)
  8. Ms. Bhama Krishnamurthy (From July 30, 2019)

Note:

Related party relationships are as identified by the Management and relied upon by the Auditors

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 39 a) TRANSACTIONS DURING THE YEAR		
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	7,634	4,709
b) Ambadi Investments Limited	708	456
c) Parry Enterprises Limited	0*	0*
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	100	73
b) Cholamandalam MS General Insurance Company Limited	18	28
c) White Data Systems India Private Limited	-	16
Services Received		
a) Cholamandalam MS General Insurance Company Limited	164	124
b) Parry Enterprises Limited	714	748
c) CE Info systems Private Limited	6	-
d) White Data Systems India Private Limited	32	33
Services rendered		
a) Cholamandalam MS General Insurance Company Limited	3,616	1,653
b) Cholamandalam Financial Holdings Limited	0*	0*
Expense recovered – Rent		
a) Cholamandalam MS General Insurance Company Limited	42	56
b) Parry Enterprises Limited	1	1
c) Cholamandalam MS Risk Services Limited	0*	0*

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 39 a) TRANSACTIONS DURING THE YEAR (Contd.)		
Loans given		
a) White Data Systems India Private Limited	340	900
Loans recovered		
a) White Data Systems India Private Limited	340	572
Interest Expense		
a) Cholamandalam MS General Insurance company Limited	1,696	1,991
Interest Income		
a) White Data Systems India Private Limited	28	18
Commission and Sitting fees to non-executive Directors	87	68

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Note : 39 b) BALANCES OUTSTANDING AT THE PERIOD END		
Rental Deposit Receivable / (Payable)		
a) Cholamandalam MS General Insurance Limited	-	(21)
Loans - Receivable		
a) White Data Systems India Private Limited	340	340
Debt Securities - Payable		
a) Cholamandalam MS General Insurance Company Limited	(19,070)	(22,249)
Other Receivable / (Payable)		
a) Cholamandalam Financial Holdings Limited	0*	-
b) Cholamandalam MS General Insurance Company Limited	250	650
c) White Data Systems India Private Limited	(7)	-
d) Parry Enterprises Limited	1	-
e) Cholamandalam MS Risk services Limited	0*	-
f) Key Managerial personnel	2	NA

₹ in lakhs

Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
Note : 39 c) KEY MANAGERIAL PERSONNEL		
Short- term employee benefits	656	799
Post - employment pension (defined Contribution)	66	81
Dividend Payments	24	16
Share based payments	48	56

* Represents amounts less than ₹ 1 lakh

Note : 40 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Income tax and Interest on Tax issues where the Group has gone on appeal	23,104	17,316
Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,898	21,292
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	2,660	5,081
Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	19,978	19,978
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	8,526	6,761
Order in respect of alleged violations of the Provisions of SEBI Act	7	7
Disputed claims pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit	68	68

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

i) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.

ii) It is not practicable for the Group to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.

iii) The Group does not expect any reimbursement in respect of the above contingent liabilities.

iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(b) Commitments

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Capital commitments	2,883	1807
Investment commitment to Fearing Capital India Evolving Fund	-	16
Disbursements - Undrawn lines	84,535	73,345

(c) The Supreme Court had passed judgement on 28th February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. The Group has complied the same on prospective basis from the date of the SC order.

(d) Bank Guarantee:

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,625	1,639

Note : 41 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2019	Additional Provision	Utilisation/ Reversal	As at 31.03.2020
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Expected credit loss allowance towards Undrawn commitments	51	80	-	131

₹ in lakhs

Particulars	As at 31.03.2018	Additional Provision	Utilisation/ Reversal	As at 31.03.2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Expected credit loss allowance towards Undrawn commitments	12	39	-	51

Undrawn loan commitments are commitments under which the Group is required to provide a loan under pre-sanctioned terms to the customer.

The undrawn commitments provided by the Group are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at March 31, 2020 is ₹ 84,535 lakhs (₹ 73,345 lakhs as at March 31, 2019).

The Group creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at March 31, 2020 is ₹ 131 lakhs (₹ 51 lakhs as at March 31, 2019).

Note : 42 ESOP DISCLOSURE

ESOP 2007

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares (prior to share split) in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines.

ESOP 2016

The Board at its meeting held on October 7, 2016, approved to create, and grant from time to time, in one or more tranches, not exceeding 31,25,102 Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the company including some of subsidiaries, managing director and whole time director, (other than promoter/promoter group of the company, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 ESOP DISCLOSURE (Contd.)

company), as may be decided by the board, exercisable into not more than 31,25,102 equity shares of face value of ₹ 10/- each fully paid-up, on such terms and in such manner as the board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016.

In this regard, the Group has recognised expense amounting to ₹ 1,161 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 31).

The movement in Stock Options during the current period are given below:

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding	During the Year				Options outstanding	Options vested but not exercised	Options unvested	Exercise Price	Weighted Average Remaining Contractual Life
		As at 31.03.2019	Addition in number of options on account of share split*	Options Granted	Options Forfeited / Expired	Options Exercised and allotted	As at 31.03.2020	As at 31.03.2020	As at 31.03.2020		
GT 25 APR 2008	25-Apr-08	-	-	-	-	-	-	-	-	38	-
GT 27 JAN 2011A	27-Jan-11	9,163	36,652	-	-	22,695	23,120	23,120	-	38	-
GT 27 JAN 2011B	27-Jan-11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT 30 APR 2011	30-Apr-11	7,948	31,792	-	-	14,500	25,240	25,240	-	33	-
GT 27 OCT 2011	27-Oct-11	7,936	31,744	-	-	9,920	29,760	29,760	-	31	-
Total		**31,023**	**1,24,092**	**-**	**-**	**76,995**	**78,120**	**78,120**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding	During the Year				Options outstanding	Options vested but not exercised	Options unvested	Exercise Price	Weighted Average Remaining Contractual Life
		As at 31.03.2019	Addition in number of options on account of share split*	Options Granted	Options Forfeited / Expired	Options Exercised and allotted	As at 31.03.2020	As at 31.03.2020	As at 31.03.2020		
GT 25 JAN 2017	25-Jan-17	4,72,842	18,91,368	-	17,920	2,27,690	21,18,600	13,76,010	7,42,590	202	0.82 years
GT 30 JAN 2018	30-Jan-18	49,040	1,96,160	-	-	6,715	2,38,485	1,46,535	91,950	262	0.84 years
GT 30 JAN 2018A	30-Jan-18	17,960	71,840	-	-	-	89,800	35,920	53,880	262	1.34 years
GT 23 APR 2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.19 years
GT 26 JUL 2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	0.82 years
GT 30 OCT 2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	73,460	2,93,840	254	1.71 years
GT 19 MAR2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	1,46,060	4,42,400	278	2.09 years
GT 30 JUL 2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	0.83 years
GT 05 NOV 2019	05-Nov-19	-	-	2,75,600	-	-	2,75,600	-	2,75,600	316	2.30 years
GT 23 JAN 2020	23-Jan-20	-	-	53,000	-	-	53,000	-	53,000	317	2.52 years
Total		**7,94,946**	**31,79,784**	**3,60,232**	**17,920**	**2,34,405**	**40,82,637**	**18,55,680**	**22,26,957**		

*Equity shares of face value of ₹ 10/- have been split into face value of ₹ 2 per share on June 18, 2019, pursuant to resolution passed through postal ballot on June 3, 2019

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 ESOP DISCLOSURE (Contd.)

The movement in Stock Options during the previous year are given below:

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31.03.2018	During the Year 2018-19 Options Granted	During the Year 2018-19 Options Cancelled / lapsed	During the Year 2018-19 Options Exercised and allotted	Options outstanding As at 31.03.2019	Options vested but not exercised As at 31.03.2019	Options unvested As at 31.03.2019	Exercise Price	Weighted Average Remaining Contractual Life
GT 30 JUL 2007	30-Jul-07	-	-	-	-	-	-	-		
GT 25 JAN 2008	25-Jan-08	-	-	-	-	-	-	-		
GT 25 APR 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31.03.2018	During the Year 2018-19 Options Granted	During the Year 2018-19 Options Cancelled / lapsed	During the Year 2018-19 Options Exercised and allotted	Options outstanding As at 31.03.2019	Options vested but not exercised As at 31.03.2019	Options unvested As at 31.03.2019	Exercise Price	Weighted Average Remaining Contractual Life
GT 25 JAN 2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT 30 JAN 2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT 30 JAN 2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT 23 APR 2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT 26 JUL 2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT 30 OCT 2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT 19 MAR 2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 ESOP DISCLOSURE (Contd.)

The following tables list the inputs to the Black Scholes model used for the plans for the year ended March 31, 2020

ESOP 2007

	Variables					
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2020 is ₹ Nil (March 31,2019- ₹ Nil)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92% - 8.12%
Expected Life	0.12 years - 6.25 years
Expected Volatility	28.28% - 63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.(₹)	212.05

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 42 ESOP DISCLOSURE (Contd.)

ESOP 2016

Variables						
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant (₹)**	**Fair Value of the Option (₹)**
25-Jan-17	6.36% - 6.67%	3.5 -6.51 years	33.39% -34.47%	0.54%	1,010.00	401.29
30-Jan-18	7.11%-7.45%	3.5 – 5.50 years	30.16%-31.46%	0.42%	1,309.70	496.82
30-Jan-18	7.11%-7.45%	3.5 – 5.50 years	30.16%-31.46%	0.42%	1,309.70	531.84
23-Apr-18	7.45%-7.81%	3.51 -6.51 years	30.33%-32.38%	0.42%	1,562.35	646.08
26-Jul-18	7.71%-7.92%	3.51 -5.51 years	30.56%-31.83%	0.43%	1,497.30	586.32
30-Oct-18	7.61%-7.85%	3.51 -6.51 years	32.34%-32.70%	0.51%	1,268.50	531.36
19-Mar-19	6.91% - 7.25%	3.51 -6.51 years	32.19% -32.59%	0.47%	1,390.05	564.13
30-Jul-19	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	248.20	83.66*
05-Nov-19	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	316.00	112.09*
23-Jan-20	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	317.00	109.51*

* Fair value option of equity shares issued under this grant is post share split with a face value of ₹ 2/- each

Note : 43 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ in lakhs

Particulars	April 01, 2019	Cash flows	Exchange Difference	Other	March 31, 2020
Liabilities	50,56,674	4,44,719	12,623	(13,473)	55,00,543

₹ in lakhs

Particulars	April 01, 2018	Cash flows	Exchange Difference	Other	March 31, 2019
Liabilities	38,33,034	12,20,048	13,779	(10,072)	50,56,674

(i) Others column represents the effect of interest accrued but not paid on borrowing, amortisation of processing fees etc

(ii) Liabilities represents of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

Note : 44 MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

Particulars	Amount	Maturity Within 12 months	Maturity After 12 months
As on March 31, 2020			
Financial Assets			
Cash and Cash Equivalents	3,49,514	3,49,514	-
Bank balances Other than Cash and Cash Equivalents	3,50,560	3,15,590	34,970
Derivative financial instruments	11,420	1,711	9,709
Receivables			
i) Trade Receivables	1,503	1,503	-
ii) Other Receivables	5,052	5,052	-
Loans	55,39,573	12,27,903	43,11,670
Investments			
i) Associate	2,477	-	2,477
ii) Others	793	-	793

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

₹ in lakhs

Particulars	Amount	Maturity Within 12 months	After 12 months
Note : 44 MATURITY ANALYSIS (Contd.)			
Other Financial Assets	43,913	15,470	28,443
Total Financial Assets	**63,04,805**	**19,16,743**	**43,88,062**
Non- Financial Assets			
Current Tax Assets (Net)	15,947	-	15,947
Deferred Tax Assets (Net)	52,747	-	52,747
Investment Property	14	-	14
Property, Plant and Equipment	26,236	-	26,236
Intangible Assets Under Development	1,060	-	1,060
Other Intangible Assets	2,067	-	2,067
Other Non-Financial Assets	2,027	78	1,949
Total Non- Financial Assets	**1,00,098**	**78**	**1,00,020**
Financial Liabilities			
Derivative Financial Instruments	-	-	-
Payables			
i) Trade Payables	22,047	22,047	-
ii) Other Payables	9,949	9,949	-
Debt Securities	7,32,683	4,10,141	3,22,542
Borrowings (Other than Debt Securities)	43,27,308	11,89,717	31,37,591
Subordinated Liabilities	4,40,552	52,023	3,88,529
Other Financial Liabilities	39,485	29,374	10,111
Total Financial Liabilities	**55,72,024**	**17,13,251**	**38,58,773**
Non-Financial Liabilities			
Provisions	9,151	9,151	-
Other Non-Financial Liabilities	3,742	1,764	1,978
Total Non-Financial Liabilities	**12,893**	**10,915**	**1,978**
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	3,16,435	3,16,435	-
Bank Balances Other than Cash and Cash Equivalents	54,411	20,500	33,911
Derivative Financial Instruments	8,869	7,229	1,640
Receivables			-
i) Trade Receivables	4,128	4,128	-
ii) Other Receivables	3,908	3,908	-
Loans	52,61,077	16,40,761	36,20,316
Investments			
i) Associate	2,519	-	2,519
ii) Others	1,631	-	1,631
Other Financial Assets	13,896	5,506	8,390
Total Financial Assets	**56,66,874**	**19,98,467**	**36,68,407**
Non- Financial Assets			
Current Tax Assets (Net)	16,181	-	16,181
Deferred Tax Assets (Net)	46,012	-	46,012
Investment Property	47	-	47
Property, Plant and Equipment	14,464	-	14,464
Intangible Assets Under Development	1,397	-	1,397
Other Intangible Assets	2,220	-	2,220

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

₹ in lakhs

Particulars	Amount	Maturity Within 12 months	After 12 months
Note : 44 MATURITY ANALYSIS (Contd.)			
Other Non-Financial Assets	1,817	1,121	696
Total Non- Financial Assets	**82,138**	**1,121**	**81,017**
Financial Liabilities			
Derivative Financial Instruments	841	-	841
Payables			
i) Trade Payables	23,145	23,145	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings (Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,676	21,404	272
Total Financial Liabilities	**51,15,230**	**19,28,703**	**31,86,527**
Non-Financial Liabilities			
Provisions	7,466	7,466	-
Other Non-Financial Liabilities	5,445	3,360	2,085
Total Non-Financial Liabilities	**12,911**	**10,826**	**2,085**

Note : 45 CAPITAL MANAGEMENT

The Group maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), maintain strong credit rating and healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the Group's capital is monitored by the Board using, among other measures, the regulations issued by RBI.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

45.1 Risk Management

The Group is committed to create value for its stakeholders through sustainable business growth and with that intent has put in place a robust risk management framework to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. Given the nature of the business the Group is engaged in, the risk framework recognizes that there is uncertainty in creating and sustaining such value as well as in identifying opportunities. Risk management is therefore made an integral part of the Group's effective management practice.

Risk Management Framework:

Group's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

Group's risk management division works as a value center by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Group has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, measures the movement of top critical risks. This provides the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified key risk indicators and are aligned to the overall Group's risk appetite framework approved by the board. The Group's risk management initiatives and risk MIS are reviewed monthly by the top management. This process enables the Group to reassess the top critical risks in a changing environment that need to be focused on.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 45 CAPITAL MANAGEMENT (Contd.)

Risk Governance structure:

The Group's overall risk governance is handled by three lines of defense to ensure the effectiveness of an organization's risk management framework including monitoring and assurance functions within the organization.

a) Under the first line of defence, risk champions are identified in each functional and business unit to take ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

b) The risk management team under the guidance of the risk management committee acts as the second line of defense. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management. The RMC of the board meets minimum of four times a year and reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan.

c) Third line of defense constitutes internal auditors, internal external auditors and statutory auditors provide assurance to the audit committee and senior management on the effectiveness of internal governance and risk processes.

45.2 Credit Risk

Credit risk arises when a borrower is unable to meet his financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in his future earning potential. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group has a robust online application underwriting model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business. The Group also has a well-developed model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio

Credit risk arises when a borrower is unable to meet financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

45.3 Market Risk

Market Risk is the possibility of loss arising from changes in the value of a financial Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee. In addition, the Group has put in an Asset Liability Management (ALM) support group which meets frequently to review the liquidity position of the Group.

45.4 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group is in retail lending business on pan India basis targeting primarily customers who either do not get credit or sufficient credit from the traditional banking sector. Vehicle Finance (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors, Construction Equipment and Trade advance to Automobile dealers) is lending against security (other than for trade advance) of Vehicle/ Tractor / Equipment and contributes to 73% of the loan book of the Group as of March 31, 2020 (74% as of March 31, 2019). Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles,

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 45 CAPITAL MANAGEMENT (Contd.)

Car and Muti Utility Vehicles, three wheeler and Small Commercial Vehicles, Refinance against existing vehicles, older vehicles (first time buyers), Tractors and Construction Equipment have portfolio share between 5% and 22% leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 22% of the lending book of the Group as of March 31, 2020 (21% as of March 31, 2019). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by Group for each product by its region and its sub-segments. Group did not overly depend on few regions or sub-segments as of March 31, 2020.

45.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Group has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness. The Group is continuously engaged in creating risk awareness and culture across the organisation through training on risk management tools and communication through risk e-newsletters.

45.6 Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Group also has lines of credit that it can access to meet liquidity needs.

Refer Note No 49 for the summary of maturity profile of undiscounted cash flows of the Group's financial assets and financial liabilities as at reporting period.

45.7 Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as Cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate.

The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

45.8 Disclosure of Effects of Hedge Accounting

Cash Flow Hedge

As at March 31, 2020								
Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)	Line item in Balance sheet
Cross Currency	Asset	Liability	Asset	Liability	September 25, 2020	11,420	(21,038)	Borrowings
Interest rate swap	9	0	2,22,953	-	to June 03, 2024			

Year ended March 31, 2020				
Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in Lakhs)	Hedge Effectiveness recognised in profit and loss	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	(9,232)	-	-	NA

As at March 31, 2019								
Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)	Line item in Balance sheet
Cross Currency	Asset	Liability	Asset	Liability	November 07, 2019	8,028	(8,415)	Borrowings
Interest rate swap	5	1	1,82,631	35,491	to March 18, 2022			

Year ended March 31, 2019				
Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in Lakhs)	Hedge Effectiveness recognised in profit and loss	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	1,306	-	-	NA

45.9 COLLATERAL AND OTHER CREDIT ENHANCEMENTS

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Group values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Group's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Group for loan against securities. The Group does not obtain any other form of credit enhancement other than the above. 99% of the Group's term loan are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Note : 46 NON-CONTROLLING INTEREST		
Balance at the beginning of the year	-	34
Share of loss	-	(147)
Share of other comprehensive income	-	-
Adjustment on account of loss of control in subsidiary*	-	113
Balance at the end of the year	**-**	**-**

*During the previous year ended March 31, 2019, pursuant to investment by another entity in WDSI, the Group's interest in WDSI has reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI. In view of this change in status, the retained interest of the Group in WDSI, Company has de-recognised the non-controlling interest.

Note : 47 INVESTMENT IN AN ASSOCIATE

As at March 31, 2018, the Group had 63% interest in White Data Systems India Private Limited ("WDSI") and this entity was treated as a subsidiary in the consolidated financial statements. During the Financial year ended March 31, 2019, pursuant to investment by another entity in WDSI, the Group's interest in WDSI had reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI (w.e.f October 01, 2018). In view of this change in status, the retained interest of the Group in WDSI aggregating to 30.87% interest had been fair valued and a resultant fair value gain of ₹ 2,029 lakhs had been recognised in the consolidated statement of profit and loss for the year ended March 31, 2019.

Particulars	₹ in lakhs
Fair value of Net assets on the date of Investment by other entity	8,274
Group's share on the date of loss of control	30.87%
Fair value of Net assets attributable to Group	2,554
Add: Net liabilities on the date of loss of control	278
Less: Minority Interest	(103)
Less: Goodwill recognised earlier on acquisition of WDSI	(700)
Fair value gain on loss of control in subsidiary	**2,029**

The Group had recognised the value of investment in associate at fair value on the date of loss of control and the same is carried at cost as at reporting date.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Value of Investment in Subsidiary on the date of loss of control	2,554	2,554
Less: Cumulative Share of Loss of from Associate	(77)	(35)
Closing value of Investment	**2,477**	**2,519**

The Group has a 30.87% interest in White Data Systems India Private Limited, which is in the business of providing freight data solutions encompassing technology, certification and finance offering in India. The WDSI has dedicated logistics platform "i-loads", seamlessly connects load providers, logistics agents, brokers and transporters through its disruptive technology. It is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in White Data Systems India Private Limited:

₹ in lakhs

Particulars	31.03.2020	31.03.2019
Current assets	6,458	4,333
Non-current assets	1,027	540
Current liabilities	(3,709)	(1,067)
Non-current liabilities	(64)	(28)
Equity	**3,712**	**3,778**
Proportion of the Group's ownership	30.87%	30.87%
Group's share in the Equity of the associate	1,146	1,166

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 47 INVESTMENT IN AN ASSOCIATE (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2020
Revenue from contracts with customers	4,733
Other Income	19
Depreciation & amortization	98
Finance cost	29
Employee benefit	225
Other expense	4,553
Profit before tax	**(153)**
Income tax expense	18
Profit for the year (continuing operations)	(135)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	(18)
Total comprehensive income for the year (continuing operations)	**(153)**
Group's share of loss considered in the consolidated statement of Profit and loss for the year ended March 31, 2020	**(42)**

The associate has no contingent liabilities or capital commitments as at March 31, 2020 and March 31, 2019.

Note : 48

Note : 48.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non-financial liabilities.

₹ in lakhs

Particulars	31.03.2020		31.03.2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	3,49,514	3,49,513	3,16,435	3,16,435
Bank balances Other than Cash and Cash Equivalents	3,50,560	3,50,559	54,411	54,411
Receivables				
i) Trade Receivables	1,503	1,503	4,128	4,128
ii) Other Receivables	5,052	5,052	3,908	3,908
Loans	55,39,573	54,69,635	52,61,077	52,80,975
Other Financial Assets	43,913	43,912	13,896	13,896
Total Financial Assets	**62,90,115**	**62,20,174**	**56,53,855**	**56,73,753**
Financial Liabilities				
Payables				
i) Trade Payables	22,047	22,047	23,145	23,145
ii) Other Payables	9,949	9,949	12,894	12,894
Debt Securities	7,32,683	7,32,658	14,18,431	14,13,496
Borrowings (Other than Debt Securities)	43,27,308	43,23,357	32,12,375	32,10,512
Subordinated Liabilities	4,40,552	4,40,595	4,25,868	4,28,174
Other Financial Liabilities	39,485	39,485	21,676	21,676
Total Financial Liabilities	**55,72,024**	**55,68,091**	**51,14,389**	**51,09,897**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 48 (Contd.)

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities.

i) Derivatives are fair valued using market observable rates and publishing prices.

ii) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

iii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.

Note : 48.2 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2020

₹ in lakhs

Particulars		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVTOCI Equity Instruments	1,248	818	430	-
FVTPL Equity Instruments	40	40	-	-
Derivative financial instruments	11,420	-	11,420	-
Assets for which fair values are disclosed				
Loans	55,39,573	-	54,69,635	-
Investment Properties *	47	-	-	299

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2020

₹ in lakhs

Particulars		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	-	-	-	-
Liabilities for which fair values are disclosed				
Debt Securities	7,32,683	-	7,32,658	-
Borrowings (Other than Debt Securities)	43,27,308	-	43,23,357	-
Subordinated Liabilities	4,40,552	-	4,40,595	-

There have been no transfers between different levels during the period.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 48 (Contd.)

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2019

₹ in lakhs

Particulars	Carrying Value	Fair value measurement using		
		Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVTOCI Equity Instruments	1,631	1,113	518	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Loans	52,61,077	-	52,80,975	-
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019

₹ in lakhs

Particulars	Carrying Value	Fair value measurement using		
		Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	-
Liabilities for which fair values are disclosed				
Debt Securities	14,18,431	-	14,13,496	-
Borrowings(Other than Debt Securities)	32,12,375	-	32,10,512	-
Subordinated Liabilities	4,25,868	-	4,28,174	-

There have been no transfers between different levels during the period.

Note 48.3 Summary of Financial assets and liabilities which are recognised at amortised cost

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Financial Assets		
Cash and Cash Equivalents	3,49,514	3,16,435
Bank balances other than Cash and Cash Equivalents	3,50,560	54,411
Loans	55,38,423	52,59,927
Other Financial Assets	43,913	13,896
Financial Liabilities		
Debt Securities	7,32,683	14,18,431
Borrowings (Other than Debt Securities)	43,27,308	32,12,375
Subordinated Liabilities	4,40,552	4,25,868
Other Financial liabilities	39,485	21,676

48.4 Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 49 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

As at March 31, 2020 ₹ in lakhs

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	3,05,807	41,302	-	-	-	-	-	**3,47,109**
Bank Balances Other than Cash and Cash Equivalents	2,068	13,100	3,02,998	6,613	22,384	4,817	16,264	**3,68,244**
Derivative Financial Instruments	-	-	1,711	-	7,816	1,893	-	**11,420**
Receivables								
i) Trade Receivables	1,503	-	-	-	-	-	-	**1,503**
ii) Other Receivables	5,052	-	-	-	-	-	-	**5,052**
Loans	1,91,007	1,15,874	2,96,355	11,97,025	34,84,077	13,32,617	15,83,534	**82,00,489**
Investments								
i) Associate	-	-	-	-	-	-	2,477	**2,477**
ii) Others	-	-	-	-	302	-	490	**792**
Other Financial Assets	3,008	585	4,244	7,539	18,952	9,839	11,176	**55,343**
Total Undiscounted Financial Assets	**5,08,445**	**1,70,861**	**6,05,308**	**12,11,177**	**35,33,531**	**13,49,166**	**16,13,941**	**89,92,429**
Financial Liabilities								
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	70	-	-	-	-	-	-	**70**
ii) Total outstanding dues of creditors other than micro and small enterprises	21,977	-	-	-	-	-	-	**21,977**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	9,949	-	-	-	-	-	-	**9,949**
Debt Securities	30,772	1,90,142	9,348	2,05,289	3,07,560	54,811	2,926	**8,00,848**
Borrowings (Other than Debt Securities)	94,591	1,37,690	3,79,465	8,55,975	26,43,106	7,98,703	84,373	**49,93,903**
Subordinated Liabilities	11,370	9,182	14,636	44,321	1,95,966	1,13,415	2,70,774	**6,59,664**
Other Financial Liabilities	24,825	890	1,335	2,665	9,542	2,071	-	**41,328**
Total Undiscounted Financial Liabilities	**1,93,554**	**3,37,904**	**4,04,784**	**11,08,250**	**31,56,174**	**9,69,000**	**3,58,073**	**65,27,739**
Total net Undiscounted Financial Assets/(Liabilities)	**3,14,891**	**(1,67,043)**	**2,00,524**	**1,02,927**	**3,77,357**	**3,80,166**	**12,55,868**	**24,64,690**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 49 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES (Contd.)

As at March 31, 2019 ₹ in lakhs

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	89,996	2,29,834	-	-	-	-	-	**3,19,830**
Bank Balances Other than Cash and Cash Equivalents	370	6,810	3,997	12,521	22,226	2,172	19,394	**67,490**
Derivative Financial Instruments	-	-	-	7,229	1,640	-	-	**8,869**
Receivables								
i) Trade Receivables	4,128	-	-	-	-	-	-	**4,128**
ii) Other Receivables	3,908	-	-	-	-	-	-	**3,908**
Loans	3,47,736	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	**73,21,893**
Investments								
i) Associate	-	-	-	-	-	-	2,519	**2,519**
ii) Others	-	-	-	-	-	-	1,631	**1,631**
Other Financial Assets	-	1,461	1,006	1,775	5,487	1,051	3,117	**13,897**
Total Undiscounted financial assets	**4,46,138**	**6,39,400**	**5,60,044**	**10,58,550**	**28,41,098**	**8,96,586**	**13,02,349**	**77,44,165**
Financial Liabilities								
Derivative Financial Instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								**-**
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	23,145	-	-	-	-	-	-	**23,145**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings (Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,362	-	-	-	252	21	-	**21,635**
Total Undiscounted Financial Liabilities	**3,69,711**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,913**	**6,16,051**	**3,84,069**	**58,95,983**
Total net Undiscounted Financial Assets/(Liabilities)	**76,427**	**3,18,015**	**17,153**	**71,587**	**1,66,185**	**2,80,535**	**9,18,280**	**18,48,182**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 50 DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES

The Group has taken office premises on lease for its operations.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and right to use asset included in Property, Plant and Equipment and the movements during the period:

Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2020 **₹ in lakhs**

Particulars - Buildings	Amount
Opening Balance	11,591
Depreciation charge for the Period	(4,259)
Additions during the Period	4,292
Adjustment/Deletion	(594)
Closing Balance	**11,030**

(ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2020 **₹ in lakhs**

Particulars	Amount
Current liablities	5,158
Non Current Liabilities	7,267
Total Lease liabilities	**12,425**

(iii) Movement in the carrying value of the Lease Liability for the year ended March 31, 2020 **₹ in lakhs**

Particulars	Amount
Opening Balance	12,421
Interest Expense	1,183
Lease Payments [Total Cash Outflow]	(4,877)
Additions during the year	4,292
Adjustment/Deletion	(594)
Closing Balance	**12,425**

(iv) Contractual Maturities of Lease liability outstanding as at March 31, 2020 **₹ in lakhs**

Particulars	Amount
Less than one year	5,410
One to five Years	8,859
Total	**14,269**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)
For the year ended March 31, 2020

Note : 50 DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES (Contd.)

(v) The following are the amount recognised in the Profit or Loss statement

₹ in lakhs

Particulars	Amount
Depreciation expense of right-of-use assets	4,259
Interest expense on lease liabilities	1,183
Expense relating to short-term leases (included in other expenses)	8
Expense relating to leases of low-value assets (included in other expenses)	-
Variable lease payments (included in other expenses)	-
Total amount recognised in profit or loss	**5,450**

Lease expenses relating to short term leases aggregated to Rs.7.93 Lakhs during the year ended March 31, 2020.

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

The Group has several lease contracts that includes extension and termination contracts. These options are negotiated by the Management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgement in determining whether these extension and termination are reasonably certain to be exercised. Also refer note 6B

Note : 51 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 AND MARCH 31, 2019

As at March 31, 2020

₹ in lakhs

Name of the entities	Net Assets (i.e total assets less total liabilities)		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit and Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	99%	8,09,197	100%	1,05,107	91%	(6,344)	100%	98,763
II. Subsidiaries								
Cholamandalam Securities Limited	0%	3,471	0%	261	3%	(210)	0%	51
Cholamandalam Home Finance Limited	1%	4,841	0%	46	6%	(420)	0%	(374)
Minority Interests in all subsidiaries	0%	-	0%	-	0%	-	0%	-
III. Associates (Investment as per equity method)								
White Data Systems India Private Limited	0%	2,477	0%	(42)	0%	-	0%	(42)
	100%	**8,19,986**	**100%**	**1,05,372**	**100%**	**(6,974)**	**100%**	**98,398**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2020

Note : 51 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 AS AT AND FOR THE YEAR ENDED MARCH 31, 2020 AND MARCH 31, 2019 (Contd.)

As at March 31, 2019

₹ in lakhs

Name of the entities	Net Assets (i.e total assets less total liabilities)		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit and Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	6,09,139	101%	1,20,412	(194%)	409	101%	1,20,820
II. Subsidiaries								
Cholamandalam Securities Limited	1%	3,904	0%	255	53%	(112)	0%	143
Cholamandalam Home Finance Limited	1%	5,309	(1%)	(762)	241%	(508)	(1%)	(1,270)
Minority Interests in all subsidiaries	0%	-	0%	(147)	0%	-	0%	(147)
III. Associates (Investment as per equity method)								
White Data Systems India Private Limited	0%	2,519	0%	(98)	0%	-	0%	(98)
	100%	**6,20,871**	**100%**	**1,19,659**	**100%**	**(211)**	**100%**	**1,19,448**

Note : 52 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in the financial statements.

Note : 53 PRIOR PERIOD INFORMATION

Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.**101049W/E300004**

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : June 3, 2020
Place : Chennai

For and on behalf of the **Board of Directors**

Arun Alagappan
Managing Director

M.M. Murugappan
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Form AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

₹ in lakhs

Name of the subsidiary	Cholamandalam Home Finance Limited	Cholamandalam Securities Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2020	March 31, 2020
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	Not applicable
Share capital	4,240	2,250
Reserves & surplus	579	521
Total assets	5,465	5,825
Total Liabilities	646	3,054
Investments	597	193
Turnover	3,861	2,359
Profit/(Loss) before taxation	(77)	327
Provision for taxation	7	101
Profit/(Loss) after taxation	(70)	226
Proposed Dividend	-	-
% of shareholding	100.00%	100.00%
Names of subsidiaries which are yet to commence operations	Not applicable	Not applicable
Names of subsidiaries which have been liquidated or sold during the year.	Not applicable	Not applicable

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	White Data Systems Private Limited
Latest audited Balance Sheet Date	March 31, 2020
Shares of Associate/Joint Ventures held by the company on the year end	
No.	12,75,917
Amount of Investment in Associates/Joint Venture (₹ in lakhs)	800
Extend of Holding %	30.87%
Description of how there is significant influence	By way of shareholding
Reason why the associate/joint venture is not consolidated	Not applicable
Networth attributable to Shareholding as per latest audited Balance Sheet	1,146
Profit / (Loss) for the year - ₹ in lakhs	(135)
Considered in Consolidation - ₹ in Lakhs	(42)
Not Considered in Consolidation - ₹ in Lakhs	(93)
Names of associates or joint ventures which are yet to commence operations	Not applicable
Names of associates or joint ventures which have been liquidated or sold during the year.	Not applicable

For and on behalf of the **Board of Directors**

M.M. Murugappan
Chairman

Date : June 3, 2020
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Arun Alagappan
Managing Director

GLOSSARY

A. TERMS

Assets Under Management (AUM)	Business AUM and Investments
Business AUM	On - Balance sheet Business assets and Off - Balance sheet Business assets
Business AUM(Net)	Business AUM less Expected Credit Losses(ECL) provisions
Total Assets Under Management	Total Balance sheet assets and Off Balance sheet Business assets
Net credit Losses (NCL)	Loan losses and ECL provision

B. PERFORMANCE RATIOS

Operating Expenses to Assets	Total Expenses (Less: Finance Costs & Impairment of Financial Instruments)/Average of Closing Assets
Loan Losses %	Impairment of Financial instruments/Average of Closing Assets
PBT-ROTA	Profit Before Tax/Average of Closing Assets
Prot Before Tax to Income	Profit Before Tax/Total Income
Return on Total Assets - PAT	Profit After Tax/Average of Closing Assets
Return on Equity - PAT	Profit After Tax/Average of Shareholder's funds

Closing assets Represents Business AUM for Respective Business and represents on-balance sheet business assets and Investment at Company's level for computing ratios

C. INVESTOR RATIOS

Earnings per Equity share	Profit After Tax/Weighted Average number of shares
Book value per Equity share	Networth/Total Number of Shares
Dividend per Equity share	Interim Dividend paid & Final Dividend proposed per Equity share
CAR (Capital Adequacy Ratio)	Tier I & Tier II Capital/Risk Weighted Assets

Notes:

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Dare House, No. 2, N.S.C Bose Road, Parrys, Chennai - 600 001.
Phone : 044 4090 7172; Fax : 044 2534 6464
E - mail : customercare@chola.murugappa.com | Website : www.cholamandalam.com

murugappa