Chola

Enter a better life

BELIEF RELOADED

Discovering Power From Within!

Cholamandalam Investment and Finance Company Limited

Annual Report 2020 - 2021

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.

PURPOSE

We believe in our vision, staying focused and determined to fulfil the dreams and aspirations of millions of Indians, giving them hope and enabling them to "Enter a Better Life."

PEOPLE

We believe in our people. We grow leaders from within and Chola is equipped with a fearless workforce that strives for excellence and rises up to challenges.

TECHNOLOGY

We believe in the power of technology to stay relevant and accelerate the future. Technology enhancements will redefine the way we operate and boost our connections.

CONTENTS

CORPORATE OVERVIEW

MANAGEMENT REPORTS

FINANCIAL STATEMENTS

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 | Fax: 044 - 22540120

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vellayan Subbiah

Mr. N. Ramesh Rajan

Mr. Ashok Kumar Barat

Mr. Anand Kumar

Ms. Bhama Krishnamurthy

Mr. Bharath Vasudevan

Mr. M.A.M. Arunachalam

Mr. Rohan Verma

Mr. Ravindra Kumar Kundu

SECRETARY

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

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 | Toll-free No.: 1800-345-4001
Fax: 040 23420814

About Chola

OUR VISION

Enable Customers to Enter a Better Life.

OUR MISSION

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

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 loans, loan against property, SME loans, insurance agency, mutual fund distribution, and a variety of other financial services to customers.

Chola operates from 1,137 branches across India with Assets Under Management above INR 76,518 Crores. The subsidiaries of Chola are Cholamandalam Securities Limited (CSEC) and Cholamandalam Home Finance Limited (CHFL).

Key Facts

1137 Branches Nationwide

AUM- INR **76,518** Crores

16 lakh plus customers

COMMERCIAL VEHICLE LOANS

PASSENGER VEHICLE LOANS

TWO WHEELER LOANS

TRACTOR LOANS

CONSTRUCTION EQUIPMENT LOANS

LOAN AGAINST PROPERTY

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 29 businesses including ten listed Companies traded in NSE & BSE. Headquartered in Chennai, the major companies of the Group include Carborundum Universal Ltd., CG Power and Industrial Solutions 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

Chola's Statement Of Purpose

BELIEVE IN INDIA

Our beliefs are the heart of our passion, the genes of our genius. We believe India is rising and it will continue to rise. Because, the wisdom of our ancient civilization is now being powered by the aspirations of one of the world's youngest populations.

BELIEVE IN CHOLA

We believe that Chola is uniquely placed to fulfil these aspirations. Armed with a workforce, charged by the fearless spirit of youth, each of our business give wings, to the dreams of millions of young Indians. Dreams that will power and propel Chola to the pinnacle of progress. We believe we will achieve this fully, by championing our values. Values that allow us to be transparent and grow, so that young India with dreams, can come to us in faith and leave fulfilled.

This is our purpose.

And every great cause calls for great leadership. Marching under a banner of meritocracy, we believe in growing great leaders from within. Leaders who are young. Leaders who will make today better than yesterday.

Through transparency, through teamwork, we believe that each one of us is this leader. That each one of us can make a difference. Not just for our customers, but also for our country.

BELIEVE IN YOURSELF

Only one person controls your destiny. That person is you! Chola trusts you and believes in you, so believe in yourself. Believe that you will create Chola of the future.

Our Journey

FY 2020-21

2021

AUM crossed ₹ 76k Cr

Increased branch network to 1,137

FY 2015-20

2020

AUM crossed ₹ 66k Cr | Increased branch network to 1091

Maiden issue of Masala Bonds with CDC and ECB with IFC |

Equity infusion of ₹ 1200 crores (QIP & Pref issue)

2019

AUM crossed ₹ 57k Cr | PAT crossed ₹ 1000 Cr

Increased branch network to 900

2018

AUM Crossed ₹ 43k Cr |

Increased branch network to 873

2017

AUM crossed ₹ 35k Cr |

Adopted GNPA recognition at 90 days

Increased branch network to 703 |

Setup of GaadiBazaar Dealer Platform

2016

Adopted GNPA recognition at 120 days

AUM crossed ₹ 30k Cr

FY 2010-15

2015

Adopted GNPA recognition at 150 Days

Increased branch network to 534

2014

AUM crossed ₹ 24k Cr | Commenced CE Business

2013

AUM crossed ₹ 19k Cr | Commenced HL Business

Increased VF branch network to 473

2012

AUM crossed ₹ 13k Cr | Commenced tractor business

2011

Obtained AFC status | Terminated JV with DBS

Launch of Mobile App

FY 2005-10

2010

Sold AMC Business | Focus on Secured Lending Lines

(Vehicle Finance, Home Equity)

2009

Exited Consumer Finance Business

2008

Rights issue of ₹ 200 crores

2007

Commenced Home Equity Business

2006

JV with DBS Bank, Singapore

Commenced Consumer Finance

FY 1990-2005

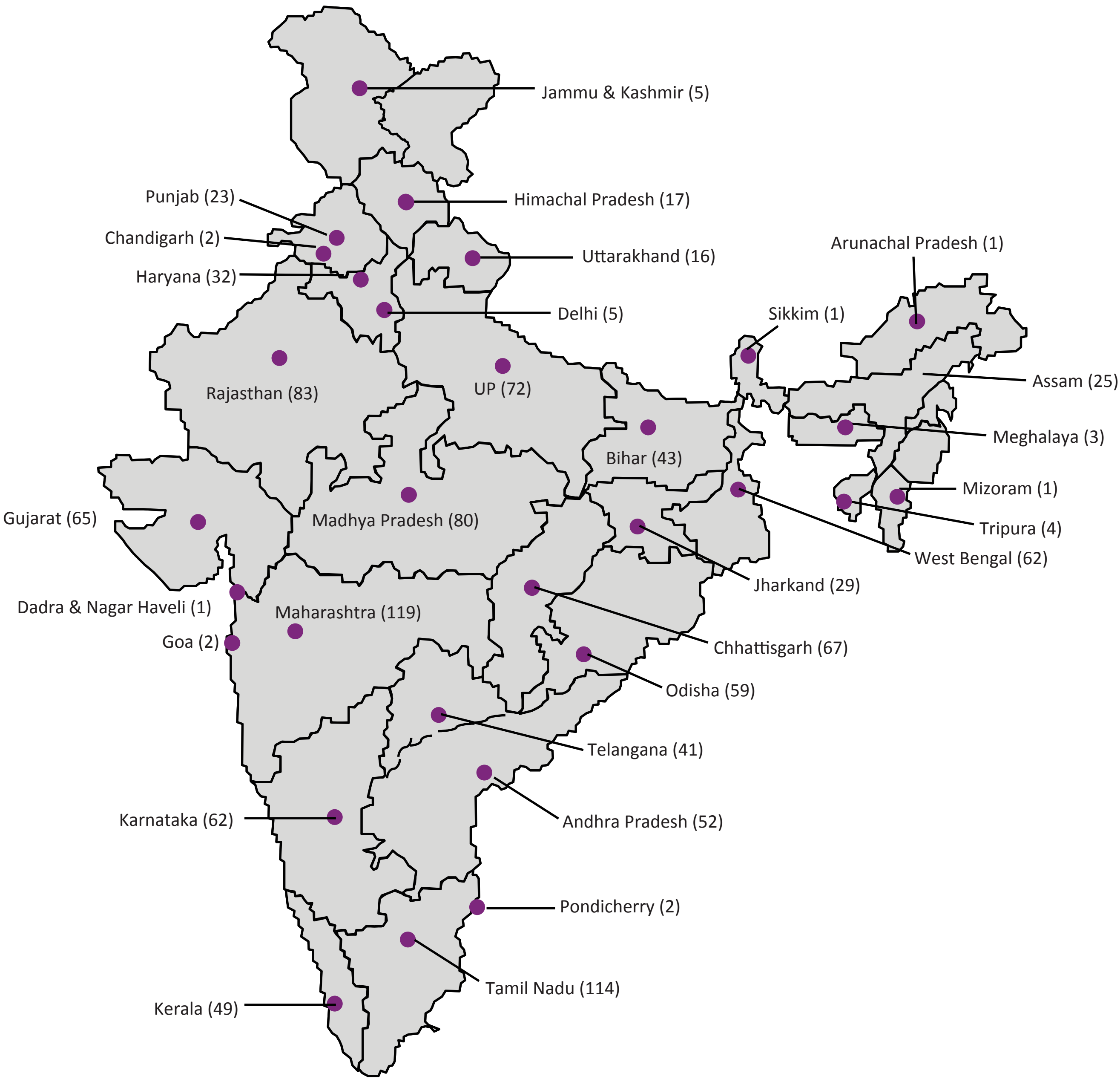
Commenced vehicle finance business

Started Chola Securities | Started Chola Distribution

FY 1979

Commenced equipment financing

Our Presence



- 1,137 branchesacross 31 states/Union territories
- 80% locations are in Tier-III, Tier-IV, Tier V and Tier-VI towns

Note: Figures in brackets represents total no. of branches as on 31st March 2021.

Believing In Dreams And Making It Happen.

PRODUCT PORTFOLIO

COMMERCIAL VEHICLE LOANS

Chola offers loans for all types of commercial vehicles ranging from 1.5-tonne to 49-tonne GVW (Gross Vehicle Weight) which includes small trucks, light trucks, medium trucks and heavy trucks. Chola has tie-ups with most of the leading Indian automobile companies to provide customers the convenience of choosing any brand, any manufacturer.

CAR & MUV LOANS

Chola provides hassle-free car finance for both new and used cars and cater to customers living in cities, rural and semi-urban areas. For new cars Chola provides on-road funding on select brands and models.

TWO WHEELER LOANS

Chola offers In-principle approval at customer's doorstep to quicken the loan sanction process. Customers can choose their repayment tenure up to 5 years.

THREE WHEELER LOANS

Based on customers' requirements, Chola offers loans on a wide range of three-wheelers and funding of Motor Insurance & Life Insurance. Customers enjoy a repayment tenure up to 5 years.

CONSTRUCTION EQUIPMENT LOANS

Chola offers loans for the complete range of Construction Equipment both new and used. Equipment financed include Backhoe loaders, Excavators, Cranes, Wheel Loaders, Motor Graders, Pavers, Compactors, Concrete Mixers, Forklift, etc.

Believing In Dreams And Making It Happen.

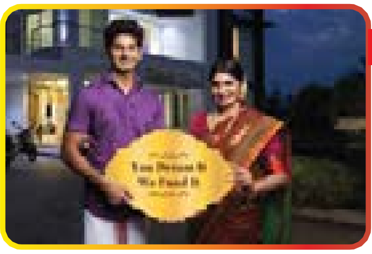
PRODUCT PORTFOLIO

TRACTOR LOANS

Chola offers loans for both new and used tractors and other farm equipment with flexible repayment based on crop pattern. Chola provides doorstep service to assist customers in completing all the documentation digitally.

LOAN AGAINST PROPERTY

Loan against property are secured long term loans offered to self-employed and salaried professionals against a commercial or residential property as collateral. The loan could be used for business expansion, adding new business entities to supplement one's income.



HOME LOANS

Chola is of the belief that every family should own a home and is committed to the national mission of "Housing for All by 2022". Chola with its deep understanding of the middle income families in India offers customized affordable home loans to suit all budgets at the doorstep of the customer with ease and convenience. Our customized eligibility programs have enabled thousands of Self-Employed (business owners) and Salaried employees to realize their dream of owning a home.

SME LOANS

Chola SME Loans are business loans created exclusively for Small and Medium Enterprises to grow and diversify their business. Chola offers a range of financial solutions to meet customers specific short-term or long-term funding and business expansion requirements.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

The COVID-19 pandemic has cost the world millions of lives and jobs. It has compelled people all over the world to make changes in their way of working and living.

During the year gone by, the safety and health of our employees has been of paramount importance for the Company. We have been continually educating them on the importance of self-discipline and adherence to all safety directions and guidelines issued by the government and extending support to them and their families in every possible way.

The pandemic continues to be an unprecedented challenge that the country and the world is facing. However, such times of crisis also lead to points of inflection and I am happy to say that your company continues to be on a strong platform with a solid foundation. The inherent strengths that your company has built over the past four decades, coupled with the strong community focus and enormous trust among stakeholders have enabled it to sail through this year of adversity.

Industry review

FY 21 was one of the challenging years for the auto industry that reported de-growth in sales in every segment, as the economy reeled under the impact of the COVID-19 pandemic. The domestic commercial vehicle industry closed FY 21 with a 21% de-growth after recording a 29% negative growth in FY 20 which is predominantly on account of the disruption in sales and supply chain, negative customer sentiments and economic slowdown. Medium and heavy commercial vehicles (MHCV's) recorded a 22% de-growth, light commercial vehicles (LCV's) 18% de-growth and small commercial vehicles (SCV's) 25% de-growth. Domestic car and utility vehicle industry has witnessed three years of negative growth which is the first time in a decade which were majorly attributed to muted consumer sentiments and higher cost of ownership. Tractor industry had a growth of 27% in FY 21 due to healthy farm cash flows on the back of a normal monsoon and minimal COVID-19 impact in rural areas. Two-wheeler industry had a de-growth of 13% in FY 21 due to higher inflation levels and reduced discretionary spending.

The Loan against property (LAP) segment was impacted during the first half of FY 21. Most of the players in LAP were cautious in terms of disbursements in FY 21. Initiatives by Government of India and RBI through Emergency Credit Line Guarantees Scheme (ECLGS), moratorium and restructuring helped the industry to rebound in the second half of FY 21 and it is expected to continue providing momentum in FY 22.

In home loan segment, the repayments were significantly impacted especially in marginal communities and self-employed semi-formal segments. The demand in home loan segment was subdued through FY 21 and green shoots began to emerge by Q3 FY 21. The housing sector is expected to grow 6-10% in FY 22 and affordable housing to grow at 12-15% in the same period.

Further, lowering the threshold for NBFCs to avail debt recovery under SARFAESI from ₹ 50 Lakhs to ₹ 20 Lakhs will aid recoveries of NPAs in LAP and Home Loan segments.

Company review

Despite the extreme adversities faced during the year, your Company delivered yet another strong performance. Your company achieved a growth of 16% in assets under management for FY 21. The PBT registered a growth of 29% as compared to FY 20 after considering the one-time provision of ₹ 565.78 crores. Disbursements for FY 21 were at ₹ 26,043 crores as against ₹ 29,091 crores in the previous year registering a decline primarily due to lower disbursements in Q1 and Q2 of FY 21 due to lock-down.

In line with RBI guidelines, your Company had offered moratorium to its customers based on their eligibility for EMIs falling due between 1 March, 2020 to 31 August, 2020. Further, your Company had offered resolution plans to its customers pursuant to RBI's guideline on 'Resolution framework for COVID-19 related stress'.

Keeping asset liability management (ALM) in focus, your Company monitored the liquidity closely, observed RBI's commentaries, market dynamics and engaged in continuous dialogue with lenders to ensure a healthy ALM, resulting in availability of funds at the best rates throughout the year.

Your company's focus on CSR activities continued during the year. As in other years we were able to fully utilise our budget. All the programs approved by the Board were implemented effectively and we also participated in the efforts of the government in providing support to the community in the pandemic.

While the long term outlook continues to remain bullish, forecast for FY 22 remains uncertain due to the impact of second wave of COVID-19. 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. RBI continues to favour prudent liquidity enabling environment that will foster growth and also support economic recovery. We also used the year to review all systems of working and become more efficient and competitive. Your company will strive to consolidate its position as a leading player in the NBFC space on account of these favourable developments. We are cautiously optimistic that robust collection mechanism aided with a strong credit risk assessment framework and investment in digital platform will support your Company steer through the strong currents of the COVID-19 pandemic in FY 22 too.

On behalf of the company and board of directors, I welcome on board, Mr. M.A.M. Arunachalam, Mr. Anand Kumar and Mr. Bharath Vasudevan. I also take this opportunity to thank Mr. M.M. Murugappan for his guidance, approachability and leadership as a director and Chairman of the board and Company. I would like to thank Mr. Arun Alagappan for his excellent leadership during the last three years in driving the Company to its current levels.

RBI and other regulators have been very supportive during this difficult phase. Our employees continue to be the greatest strength of Chola. They have worked with extraordinary commitment during the year. I express my gratitude to all our employees and their families for their sustained contribution and support during these tough times. I thank the Board for their guidance and support all through. I would also like to thank our shareholders, bankers, rating agencies and business partners for their continued trust and patronage. On behalf of the Board of Directors of Chola I wish to thank you all for your continued trust, confidence and support.

Now is the time to step back and think about our long term direction. We have currently embarked on a journey in finding out what we would want Chola to look like in 15-20 years. This calls for building on our current business model and scaling up. It requires us to add sets of skills in analytics, technology, and digital areas.

The thinking is also to move more to a ecosystem model and to understand how Chola can present itself in such a model. The natural logical ecosystem for Chola will be vehicle ecosystem. However, this alone may not be adequate for the next 15-20 year time frame. Therefore, we have embarked on a process of identifying other ecosystems and evaluating how to compete effectively in each of these ecosystems. When this plan becomes clearer, we will share the details with you. I look forward to your continuous support as always as we enter this long term transformation in leading Chola to be one of the largest NBFCs in the country.

Best wishes,

Vellayan Subbiah
Chairman

Board of Directors

Mr. Vellayan Subbiah
(51 years) DIN: 01138759
Chairman &
Non-Executive Director

- Holds a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters in Business Administration from the University of Michigan.
- Has over 24 years of experience in the varied fields of consulting, technology, projects, financial services and engineering in different positions across different industries.
- Has worked with Mckinsey and Company, 24/7 Customer Inc. and Sundram Fasteners.
- Was a recipient of the Extraordinary Entrepreneur of the Year - TiECON 2014 Award.
- Was the Managing Director of Chola from 19 August, 2010 to 18 August, 2017.
- Is the chairman of CG Power & Industrial Solutions Limited and the Managing Director of Tube Investments of India Limited. Is also a director on the Boards of various other companies including SRF Limited, Shanthi Gears Limited and Cholamandalam Financial Holdings Limited.
- Appointed as an additional director of Chola on 11 November, 2020.

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

- Graduate in Commerce, a fellow member of the Institute of Chartered Accountants of India.
- Has 39 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 Kineco Limited and Rane (Madras) Limited.
- Joined the Board of Chola in October, 2018.

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

- Graduate in Commerce, a Fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Associate of the Institute of Chartered Accountants of England & Wales and CPA (Australia). Is a certified Mediator empaneled with the Ministry of Corporate Affairs, Government of India.
- Retired 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.
- Is a director on the Boards of DCB Bank Limited, Mahindra Intertrade Limited, Bata, Huhtamaki, Birlasoft and Cholamandalam Financial Holdings Limited. Is a Member of Managing Committee of ASSOCHAM.
- Is the past President of the Bombay Chamber of Commerce and Industry and The Council of EU Chambers of Commerce in India.
- Joined the Board of Chola in October, 2017.

Board of Directors

Mr. Anand Kumar
(53 years) DIN: 00818724
Independent Director

- Holds a Master of Business Administration degree from Vanderbilt University, United States of America.
- Is a co-founder and Partner of Gateway Partners, an investment firm focused on growth capital and strategic opportunities across markets in Southeast Asia, South Asia, the Middle East and Africa.
- Has over 28 years of experience in investments, mergers & acquisitions, equity capital markets and leveraged finance in South and Southeast Asia with a strong network of relationships in the region.
- Prior to co-founding Gateway Partners in 2014, has held leadership positions in several leading investment banks including Standard Chartered Bank and Morgan Stanley.
- Is a non-executive director of TVS Supply Chain Solutions (India) and independent director of Tube Investments of India Limited and a few other companies in India and abroad.
- Appointed as an additional director of Chola on 16 March, 2021.

Ms. Bhama Krishnamurthy
(66 years) DIN: 02196839
Independent Director

- Holds a masters degree in science from Mumbai University.
- Has a career spanning over 36 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.
- Was on the Boards of various venture capital companies, CIBIL, SBI Global Factors as a nominee director of SIDBI.
- 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, Thirumalai Chemicals Limited, Magma Housing Finance Limited and e-Eighteen.com Limited.
- Joined the board of Chola in July, 2019.

Mr. Bharath Vasudevan
(46 years) DIN: 09104808
Independent Director

- Holds a B.Tech in Mechanical Engineering from IIT Madras and MBA from Indian Institute of Management - Bangalore.
- Has over 24 years of experience in the fields of financial services, risk management, product management, treasury, digital marketing, data science and technology.
- Is the Chief Revenue Officer of Trust IQ Pvt. Ltd., an advanced data science and technology company and one of the largest providers of credit risk Profile in Asia.
- Was the Enterprise Risk Officer and Head of Risk, Analytics and Underwriting functions of Bajaj Finance Limited between 2014 and 2018.
- Was the Regional Head of Risk Analytics, Head of Portfolio Management Division in Standard Chartered Bank in Middle East, North Africa, Afghanistan, and Pakistan (MENAP) region between 2010 and 2013 and was instrumental in setting up rigorous analytics based portfolio management across MENAP region.
- Appointed as an additional director of Chola on 16 March, 2021.

Board of Directors

Mr. M.A.M. Arunachalam
(54 years) DIN: 00202958
Non-Executive Director

- Mr. M.A.M. Arunachalam (also referred as Mr. Arun Murugappan) studied at the Doon School, Dehradun and is an MBA graduate from the University of Chicago, USA.
- A fourth generation member of the Murugappa family, drives the business development and strategic initiatives of Parry Enterprises India Limited (PEIL) by identifying opportunities for its divisions - General Marketing Division, Parry Travels and Tuflex India.
- Was the managing director of PEIL from January 2008 to March 2021.
- Is the chairman of Tube Investments of India Limited, Cholamandalam Home Finance Limited and PEIL. He is also on the Board of Coromandel Engineering Company Limited, Shanthi Gears Limited, CG Power and Industrial Solutions Limited, Great Cycles and Creative Cycles.
- Appointed as an additional director of Chola on 29 January, 2021.

Mr. Rohan Verma
(35 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.

Mr. Ravindra Kumar Kundu
(53 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.
- Over 33 years of professional experience in automobile and financial services industry including 21 years in Chola.
- Joined Chola as Senior Executive - Marketing in the year 2000 and handled various functions including credit, collections before taking up the role of Business Head of Vehicle Finance division of Chola.
- Instrumental in growth of the Vehicle Finance business AUM from ₹ 20,000 crores to ₹ 50,000 crores.
- 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

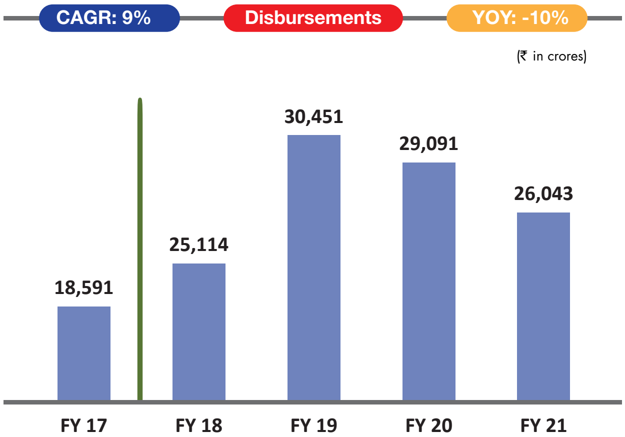
(₹ in crores)

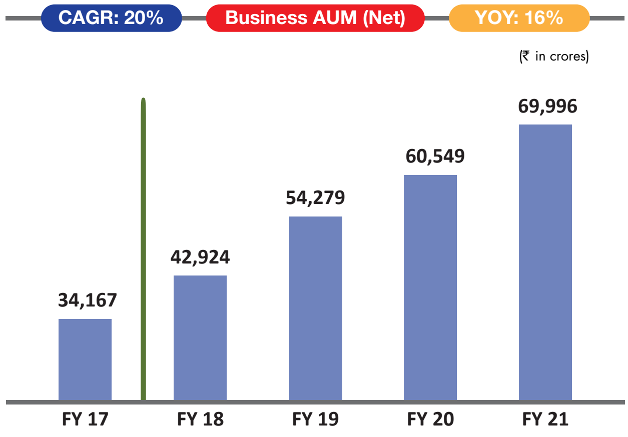
KEY FIGURES (STANDALONE)	IND_AS				I_GAAP
PARTICULARS	**FY21**	**FY20**	**FY19**	**FY18**	**FY17**
Branch Network (in nos.)	1137	1091	911	870	709
Disbursement	26,043	29,091	30,451	25,114	18,591
Assets Under Management (AUM)	76,518	66,943	57,560	43,629	35,110
Net Income Margin (NIM)	4,944	4,061	3,404	2,820	2,430
Operating profit	3,360	2,483	2,134	1,705	1,416
Profit Before Tax (PBT) (# Before considering provision for COVID impact of ₹ 565.78 Cr. in FY 21 and ₹ 504.36 Cr. in FY 20)	2,038 2,604#	1,586 2,090#	1,823	1,401	1,106
Profit After Tax (PAT) (# Before considering provisions for COVID impact of ₹ 420.47 Cr. in FY 21 and ₹ 334.72 Cr. in FY 20 (post tax impact))	1,515 1,935#	1,052 1,387#	1,186	918	719
Key Ratios (in %) *					
NIM	7.2	6.8	6.8	7.5	8.6
Expense Ratio	2.3	2.6	2.6	3.0	3.6
Gross NPA /Gross Stage 3 Assets	4.0	3.8	2.7	3.4	4.7
Net NPA / Stage 3 (Net off ECL) Assets	2.2	2.2	1.7	2.2	3.2
Tier I Capital	15.1	15.3	12.4	13.2	13.6
Tier II Capital	3.9	5.4	4.9	5.1	5.0
Capital Adequacy Ratio	19.1	20.7	17.4	18.4	18.6
Return on Total Assets - PBT (# For FY 21 and FY 20 are before considering provision for COVID impact)	3.0 3.8#	2.7 3.5#	3.7	3.7	3.9
Return on Equity (# For FY 21 and FY 20 are before considering provision for COVID impact)	16.9 20.9#	15.2 20.0#	20.9	19.6	18.0
Growth Ratios (in %)					
AUM Growth	14.3	16.3	31.9	24.8	15.6
Disbursement Growth	-10.5	-4.5	21.3	35.1	13.5
Book Value per Share Growth	16.9	26.2	21.1	18.9	17.1
Branch Efficiency Ratios (in crores)					
Disbursements per Branch	22.9	26.7	33.4	28.9	26.2
NIM per Branch	4.3	3.7	3.7	3.2	3.4
PAT per Branch (# post tax impact before considering one time provision of COVID impact)	1.3 1.7#	1.0 1.3#	1.3	1.1	1.0

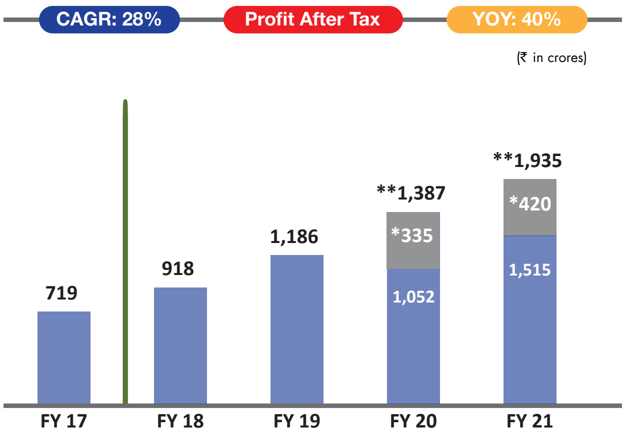
Note:

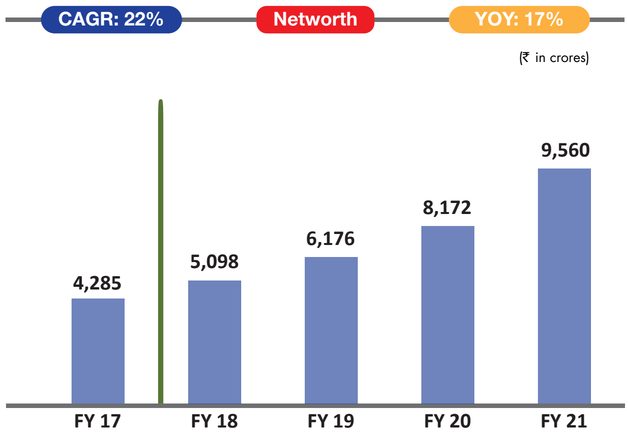
a. * Growth Ratios (in %) for FY18 is as per IGAAP, since for FY 17 Ind AS is not applicable.

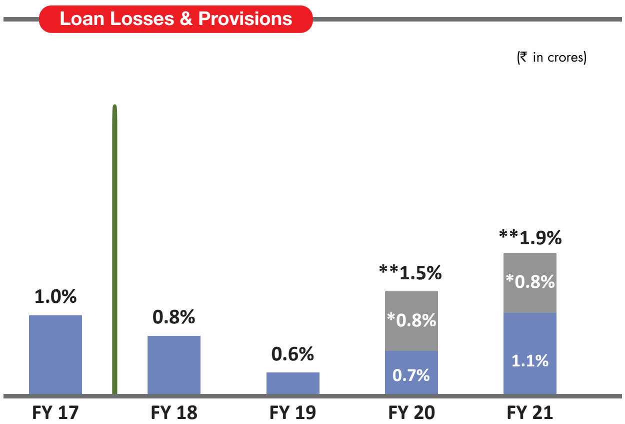
b. Refer glossary section for terms and ratios

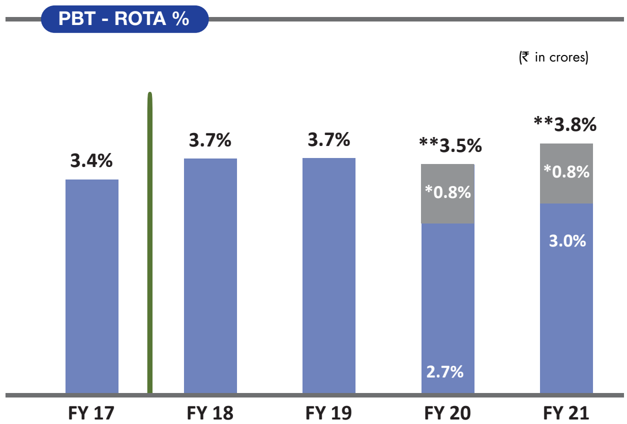












Note:

a. * Additional provision for COVID-19 + Macro provision during FY 20 and FY 21

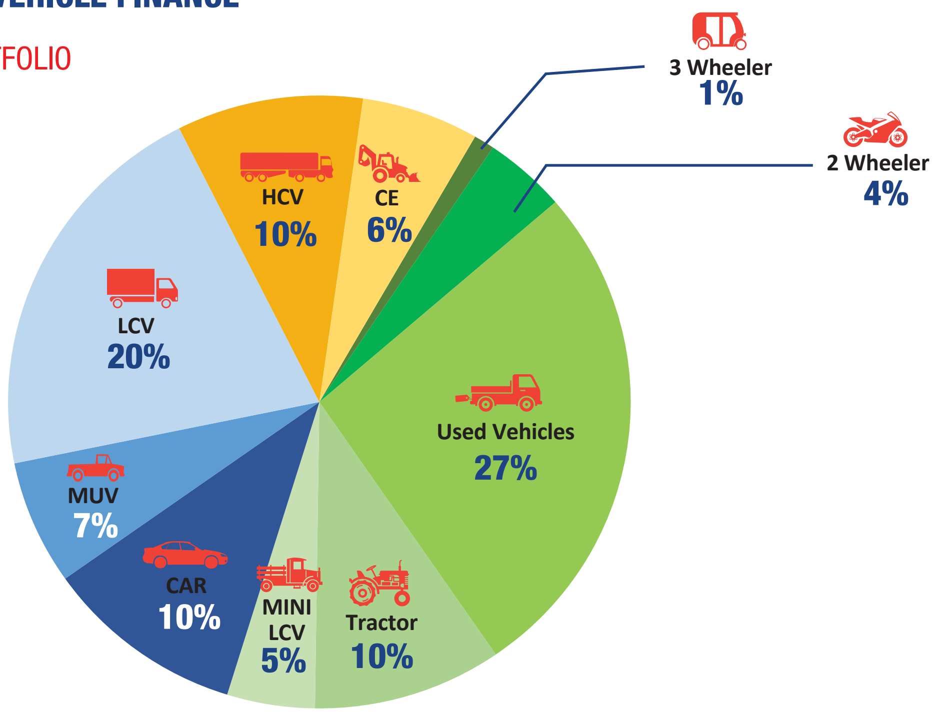
b. ** PAT, Growth ratios for PAT, Loan losses and ROTA-PBT before COVID & Macro provision

c. FY 17 numbers are as per IGAAP and from FY 18 onwards numbers are as per IND AS

d. Refer glossary section for terms and ratios

BUSINESS REVIEW - VEHICLE FINANCE

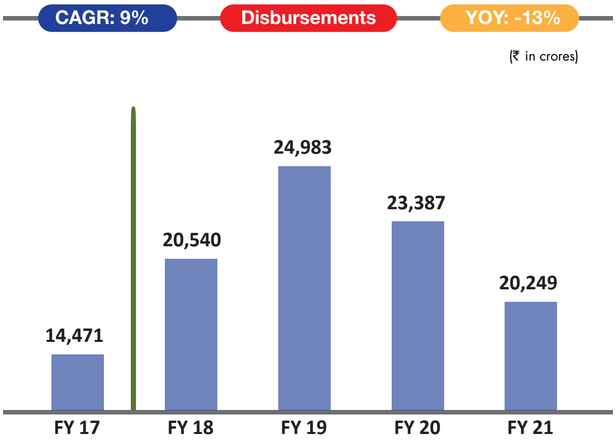
DIVERSIFIED ASSET PORTFOLIO

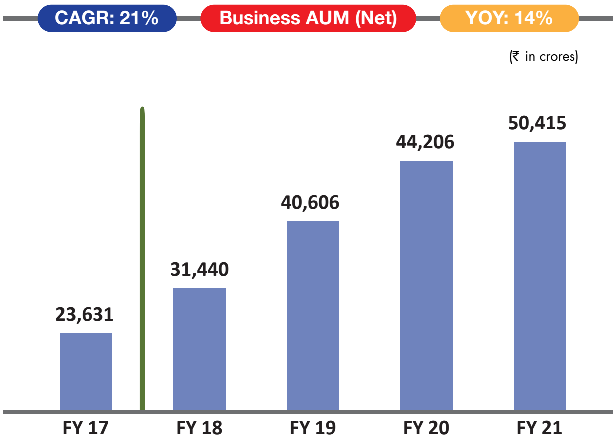


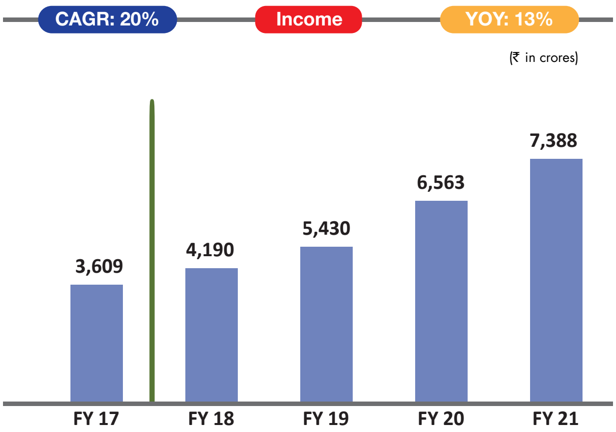
Key differentiators

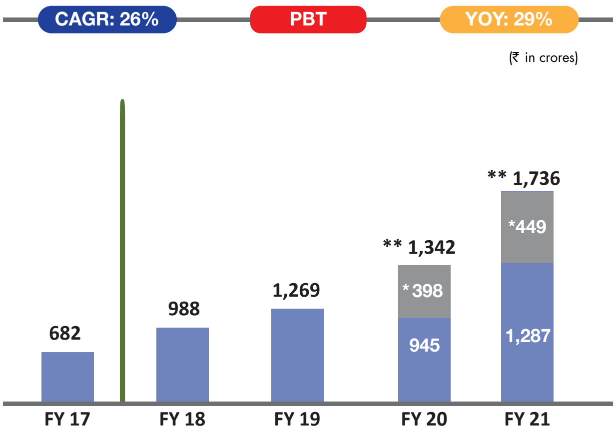
- Offering vehicle finance for more than three decades
- Strong player in the market, deep rooted in semi urban & rural markets in addition to urban markets
- Highly diversified in terms of product, geography & customer segments
- Long standing relationships with dealers & manufacturers
- Experienced In-house Sales, Credit Ops, Collection and Legal teams
- Digital led business model addressing the evolving needs of customers
- Offering product customization and personalization
- Data and analytics driven Underwriting and Collections
- Effective Internal Control System enhancing productivity and quick turnaround time
- Gaadibazaar – Digital platform for buying and selling new and used vehicles

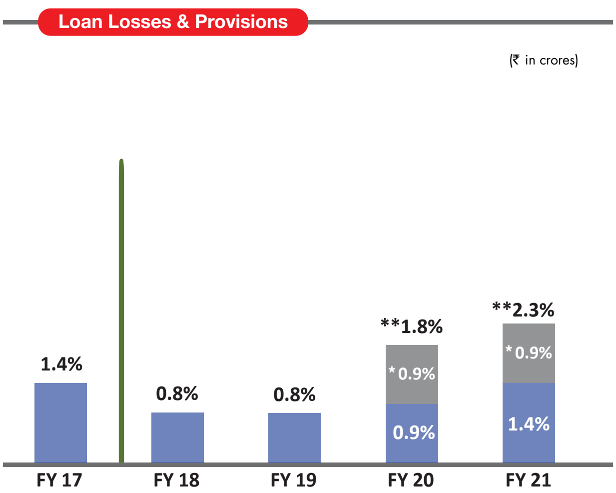
"We believe in growing transportation entrepreneurs and fuelling a million dreams."

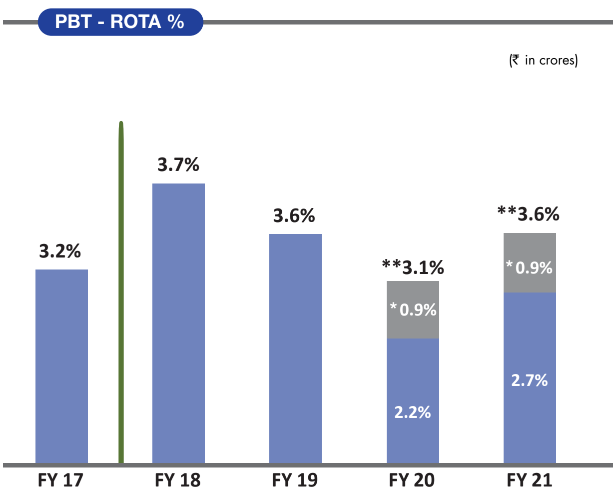












Note:

a. * Additional provision for COVID-19 + Macro provision during FY 20 and FY 21

b. ** PBT, Growth ratios for PBT, Loan losses and ROTA-PBT are before COVID & Macro provision

c. FY 17 numbers are as per IGAAP and from FY 18 onwards numbers are as per IND AS

d. Refer glossary section for terms and ratios

e. Income and PBT are reported at Business AUM level

BUSINESS REVIEW - LOAN AGAINST PROPERTY

For over 14 years, Loan Against Property (LAP) business has been nurturing and helping customers build their business dreams. Every customer relationship is being treated as an on-going partnership and Chola takes pride in making their growth journey successful. Conscious reorientation of the business model towards improved customer engagement has enabled us to deliver greater value to the customer. By embracing digital tools like online account management, digital on-boarding and verification, Chola commits to provide hassle free experience to both 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.

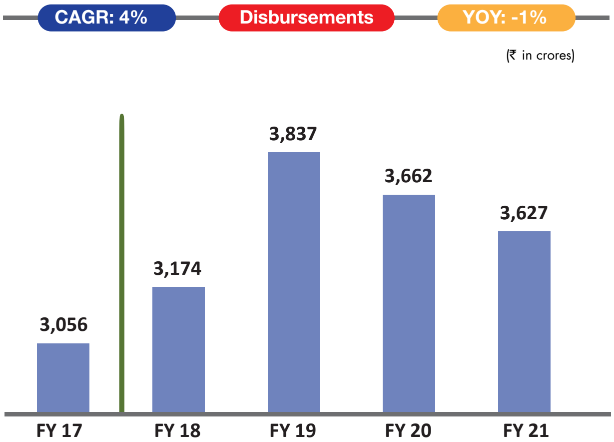
ASSET CLASS

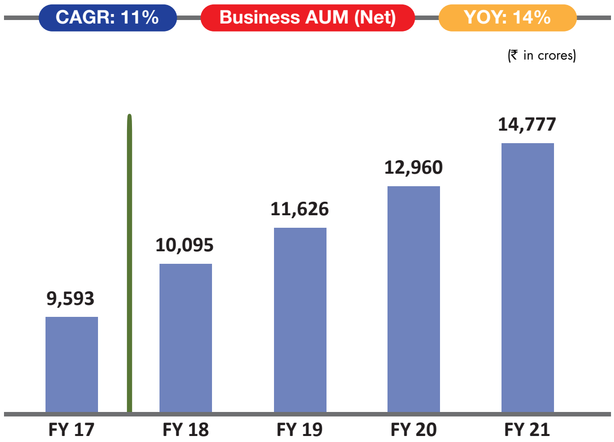
- Self-occupied residential property
- Self-occupied commercial property

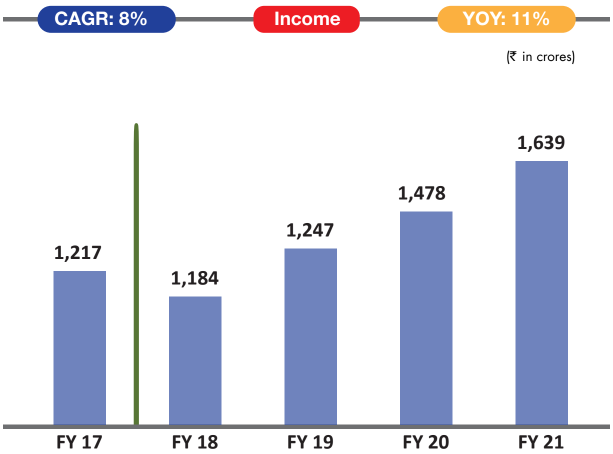
Key differentiators

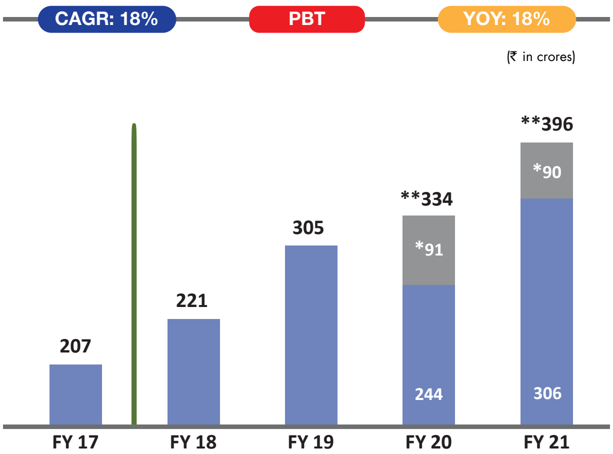
- Quick Turn Around Time
- Personalized door-step service to customers
- Easy accessibility (Pan India presence with 243 branches and growing)

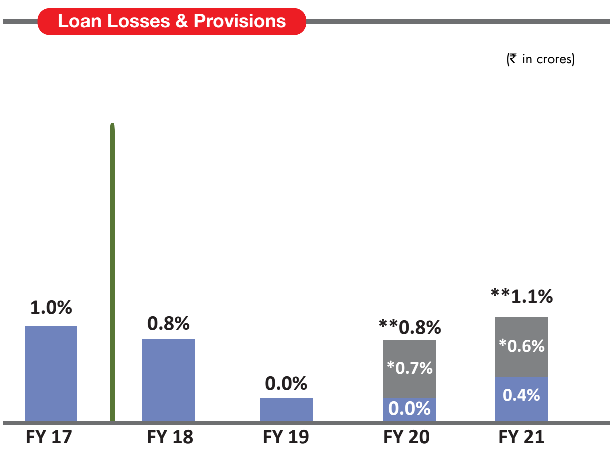
"We believe in giving wings to business dreams."

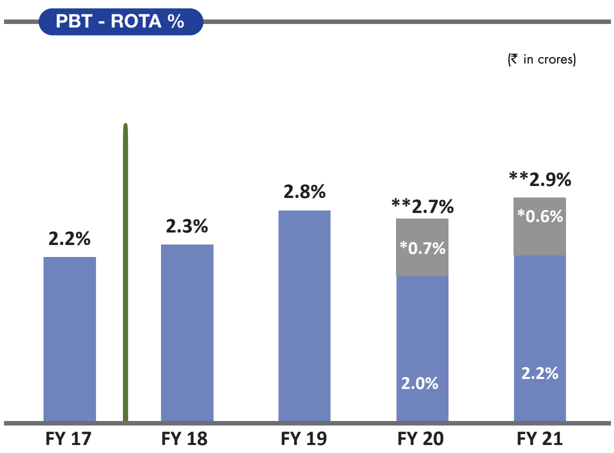












Note:

a. * Additional provision for COVID-19 + Macro provision during FY 20 and FY 21

b. ** PBT, Growth ratios for PBT, Loan losses and ROTA-PBT are before COVID & Macro provision

c. FY 17 numbers are as per IGAAP and from FY 18 onwards numbers are as per IND AS

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 predominantly to lower middle income families in urban and semi-urban 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 Lower 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 2021, Home Loans were offered across 9 states (Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Gujarat, Maharashtra, Rajasthan and Chhattisgarh). Chola has set up multiple channels to reach out to prospective customers. These include referral agents, Direct Sales Agents (DSAs), Online platforms as well as a feet-on-street sales team.

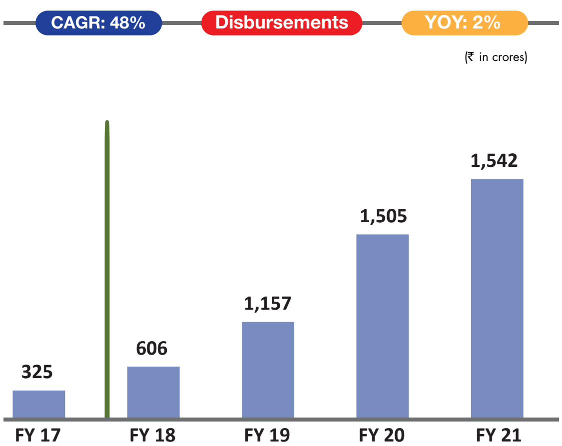
"We believe in making Affordable Housing a reality."

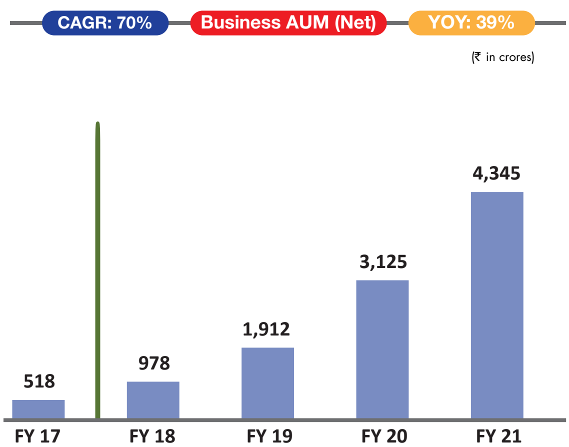
PRODUCTS

- Loans for purchase of ready to occupy homes
- Balance transfer of existing home loans
- Home Loans for Self construction
- Mixed use for residential and commercial

Key differentiators

- Doorstep service at the customer place
- Unique Assessed Income Programme for business owners and a customized eligibility for salaried customers
- Minimal documentation
- Transparent end-to-end digital onboarding
- Comprehensive Self-Service App for Customers on Android, iOS and Web





Note:

a. FY 17 numbers are as per IGAAP and from FY 18 onwards numbers are as per IND AS

b. Refer glossary section for terms and ratios

Our Subsidiaries

CHOLAMANDALAM SECURITIES LIMITED

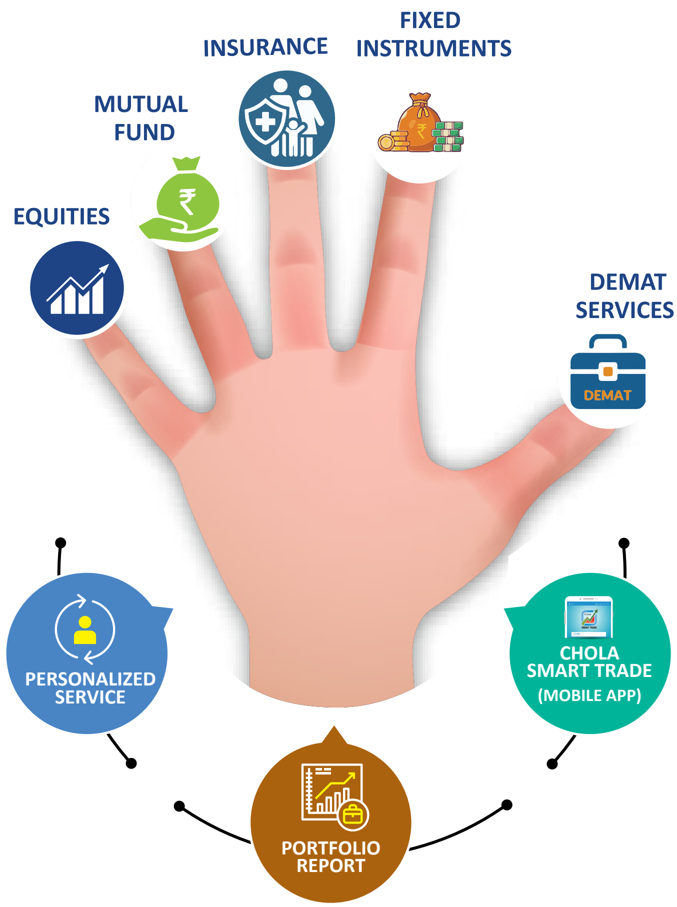
Cholamandalam Securities Limited (CSEC) is a comprehensive investment solutions provider with over 20 years of experience in the financial market. CSEC offers and distributes a wide range of financial products. CSEC is a member of National Stock Exchange of India Limited & BSE Limited, a depository participant registered with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL), a corporate agent with composite licence from Insurance Regulatory and Development Authority of India and an AMFI registered Mutual Fund Distributor.

Products Offered:

Stock Broking & Depository Participant Services

Products Distributed:

Mutual Funds|Bonds & Debentures|Fixed Deposits| Insurance|PMS|Sovereign Gold Bonds|Initial Public Offer (IPO)



CHOLAMANDALAM HOME FINANCE LIMITED

Cholamandalam Home Finance Limited is a corporate agent with composite licence from Insurance Regulatory and Development Authority of India for distributing insurance products. The company is seeking registration with RBI for HFC license.

Helping the organization build resilience

FINANCE, TREASURY & MIS

FINANCE

The Finance Department continued its unstinted support to business, braving COVID-19 for another year in the changed scenario. Working around with respect to regulatory changes like Moratorium, COVID –re-structuring, ex-gratia refund to the customers etc., which called for constant monitoring and course correction at short notice not limiting itself to finance but extending to the IT and operational fronts.

Key Contributions

- Expanding the on-lending borrowing space
- Achieving better Asset Liability Management
- Optimizing the cost of funds
- Devising processes for alignment with new initiatives
- Reviewing liquidity positions by stress testing the Cash flows
- Developing ECL models for additional provisioning
- One-time restructuring as notified by RBI
- Tracking and reviewing collections periodically of Moratorium and Non-Moratorium customers
- Developing new business models for Co-lending and other business opportunities.

TREASURY

The Treasury function had a critical role to play in ensuring availability of funds at an optimal cost in an economic environment that faced unprecedented uncertainty on account of COVID-19. It is noteworthy that your company did not avail any moratorium during the COVID-19 period and had adequate liquidity to honor all commitments even during the months of April to August when collections were low, with 76% of the borrowers availing moratorium.

Through the year FY 21, a high level of liquidity was maintained on a conservative basis to ensure risk mitigation in case the pandemic situation went from bad to worse. Liquidity cover ratio (LCR) was formally brought into force by the regulator. In compliance with the regulations, an amount of ₹ 1500 crores was invested in Government securities to ensure that funds were deployed in highly liquid and non sectoral dependent securities.

Your company rode the wave on the falling yield curve and managed to reduce the cost of funds through prudent negotiations and sound management of the borrowing plan. The cost of funds to borrowing was brought down from 8.5% to 7.6%. The treasury department has always explored alternate avenues of funds based on asset-liability requirements. Your company raised US$ 185 million through the ECB route on a fully hedged basis.

The treasury function continued to support business by exploring new opportunities for partnerships and alliances with banks in order to address underserved areas of the economy in response to RBI's call to the industry.

MIS

MIS team supported in re-evaluating the business and financial strategies by developing scenario plans which resulted in recalibrating the disbursements & collections Targets, optimizing cost structures and renegotiating expense contracts to support the business during COVID scenario.

Building A Strong Data Driven Organisation

ANALYTICS

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.**

   The analytics supported the business in the Go Live of the Gen4 underwriting models. This has captured multiple variables at geo / product / asset level to drive suitable assessment of risks and enable faster decision making.

2. **Enhancing the portfolio quality**

a. Collection analytics to help business prioritize collection efforts during the pandemic.

b. Cross-sell for increasing customer value.

c. Supporting the development of our Gaadi Bazaar portal with analytics interventions on offers and improved repo sale decisions to reduce losses.

d. Pricing and foreclosure analytics to improve revenue per customer.

3. **Transaction monitoring**

   Enhanced our fraud detection and prevention monitoring using near real-time outlier dashboards.

4. **Using our understanding of business environment and the past performance we have developed**

a. Forecasts for cash flows from collections

b. Performed scenario analyses for stress scenarios for portfolio closing asset positions and cash collections estimations

Seeing Challenges As An Opportunity To Build & Scale

INFORMATION TECHNOLOGY

OUR KEY INITIATIVES

DIGITAL EXPERIENCE

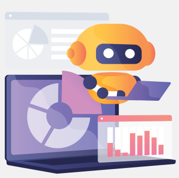
Digitally connect employees, partner, & customers

- Seamless experience for customers, business and technical partners
- Provide digital ready solution for all entity categories in the ecosystem

PROCESS AUTOMATION

Lead with automation-first approach

- Drive automation of processes across functions & businesses
- Progressively increase automation vis-à-vis human-led activity in business processes



DATA-DRIVEN ENTERPRISE

Deliver key insights from data

- Access to cohesive and quality information in timely & secure manner
- Setup Enterprise data repository that spans system & non-system data

CYBER SECURITY

Strengthen technology risk management

- Secure technology environment with strong threat-monitoring & governance
- Cover all digital assets for monitoring & pro-active review / response

SEAMLESS DIGITAL EXPERIENCE

The pandemic has helped us to gain focus on providing an optimal digital experience across all aspects of the enterprise spanning customers, employees, and all partners of our business ecosystem. This includes co-lending partners, manufacturers, dealers, brokers, Valuers - technical and legal, field investigators etc. spanning the different lines of business as well as the different technical and FinTech partners that the business collaborates with.

We are progressively building a repository of services that enables the company to provide a digital-ready and integration-easy option for all types of entities in our ecosystem to easily work with us. This coupled with stability and agility in new functionality will help in providing a standards-based integration approach in a scalable manner along with ease and speed of change. The bouquet of such services will form the basis of user engagement across different channels - be it via mobile app, web browser, Chatbot, and voice/customer support.

As we build new digital functionalities and capabilities, the company will also ensure that the digital solution being put in place is an effective and efficient representation of a process that has already gone through a LEAN review. This will ensure the problem is solved in the right manner and digital solution amplifies the benefits rather than magnifying the waste.

Delivering the right Digital Experience will further hinge on three factors:

Increased Automation: Drive a high level of automation in the regular business activities carried out by teams across functions & businesses. This is being achieved using a combination of regular software solutions, robotic process automation products, and adoption of cognitive tools. This will also include using approaches like design thinking to shadow the field staff and ensure major aspects of their application usage is driven by tools and solutions that significantly reduce manual intervention.

Cohesive Data: The focus here is to help eliminate any kind of data friction within the enterprise and build capabilities within the organization such that stakeholders and key decision makers have access to cohesive and quality information in a timely manner. This will also include putting in place appropriate alerting and forecasting tools for pro-active action and alignment of resource for execution of the plan. Ultimately, this will help in moving towards democratization of data while having visibility into data access controls and ability to enforce needs-driven access.

Digital Risk Management: As the organization gets more digitally mature, the need for improved oversight of cyber security related areas becomes critical. The company will focus on securing key digital assets of the enterprise like data, servers, network, and endpoints. In parallel, initiatives to increase awareness amongst employees on cyber related risk are being put in place. On-going emphasis will be on ensuring secure practices across all stages of any initiative – from requirements, solution design, infra setup, code development, change management, to on-going problem management are in place. This will be coupled with relentless focus on data access controls, data integrity, and conformance to regulatory guidelines.

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

A Catalyst For Progress

ENTERPRISE RISK MANAGEMENT

The Enterprise Risk Management (ERM) functions include:

- Supporting business in evaluation of risk-return trade off
- Identify risk areas for mitigation and suggest measures to implement the same
- Involvement in identification of risks and its mitigation during new product design
- Working closely with business to improve operational efficiencies.

All these are done in coordination with respective cross functional project teams. The Enterprise Risk Governance and Compliance system – CURA – went live during the FY 20-21.

To augment the cyber security risk management, the company has conducted POCs in the areas of vulnerability assessment & penetration testing, patch management, cloud security, brand & digital risk protection, data classification & end-point security risk management.

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

The company has a well-established Business Continuity Plan (BCP). This enabled the company to be prepared for continuing its critical functions during the on-going pandemic situation.

STRONG COMPLIANCE CULTURE AND EFFECTIVE MANAGEMENT

At Chola, stronger collaboration, integration and belief amongst all functions, together with guidance from Company's Board and senior management make a strong culture of compliance across the organisation. The company continued to maintain zero tolerance towards any non-adherence to regulations, policies and procedures despite all constraints posed by the pandemic and the following lock downs. The clarity from top, with an optimistic goal setting and problem solving approach, reloads the confidence amongst employees, which results in effective compliance management amid the challenges that are aplenty.

With the outbreak of pandemic, all the companies, especially the ones in financial sector, are navigating new compliance monitoring approaches to achieve its compliance goals. A risk based approach is exercised, with focus on key compliance elements arising out of current situation, while ensuring that a high standard of governance is maintained at all times. The timely implemented digitisation and automation in most areas of compliance came in handy and made compliance function perform seamlessly even away from office and was business as usual for the function!

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 conducting several meetings of Board / Committees remotely. The team also effectively handled the first ever annual general meeting of the company held through video conferencing facility, by providing a remote facility to all the shareholders for participating and exercising their voting rights. The regulatory inspections were seamlessly handled besides monitoring, reporting and submission of various periodical compliances and disclosures remotely. The efficient management of compliance activities in any given situation and circumstance will be the key and also the way forward. The team ably managed and stood up to the occasion handling the process changes and tracking and complying with the stream of regulatory changes and reporting that followed the pandemic.

During the year, over 22,000 field and other staff spread over 1,100 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 were conducted in the form of various e-modes and periodical e-mailers.

A Transformative Year

OPERATIONS TEAM

The year gone by was a year of challenges and learning. The Operations team learnt to work under varied challenges by working from home and displaying boundary less culture. Within a short span of time, the team supported the implementation of moratorium and restructuring options to customers as per RBI guidelines. The team displayed tremendous resilience and never say die spirit in the wake of the challenges and overcoming them with single minded focus on ensuring Customer Satisfaction and Enabling Business.

In the new normal, the way we work has changed and we found newer ways to stay connected to service our internal and external stakeholders across the length and breadth of the country. There is a paradigm shift in terms of understanding the requirements and working towards delivering on expectations. The team worked on technology enhancements and digitally enabled business processes to allow our customers to be smarter, safer and be more productive. Agile, digital and lean shall be the prevailing themes for operations in the years to come.

Deriving New Energy By Believing In The Future

HUMAN RESOURCES

FY 2020-2021 has been one of the most challenging and unprecedented years. The pandemic however presented an opportunity to re-shape and reload our core beliefs. We have undergone a major transformation in the recruiting, on-boarding, training and engaging with employees. The role of each HR person has evolved, from being an enabler to becoming a business driver. The key HR interventions this year were on the themes of preserving, protecting and building for the future.

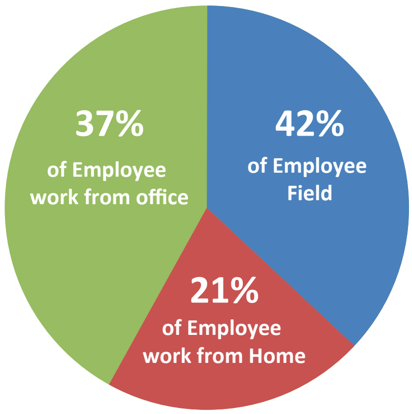
Employee Wellness Program:

- On Call Counseling Support
- Exclusive COVID Help Desk
- On Call Doctor Facility
- COVID Combat Insurance Plan
- Pandemic Paid Leave Policy
- Frequent COVID Awareness Communication
- Publishing of Branch Functioning SOPs

Process Strengthening & Re-alignment:

- Hiring to Relieving - Automated and Digitized
- Around 500 new employees hired
- Attrition down by 7% compared to FY 20
- No job cuts and no compensation & benefits re-alignments
- Annual salary increase & performance incentives processed

Business Continuity Plan



With the lifting of Lockdown, around 95% of branches are operational Pan India. Various protocols on work from home, branch operations, sanitization, prevention and safety measures were communicated periodically. Virtual audits on a periodic basis for ensuring safety at workplace. Everyday tracking of employees, branches were done for management reporting to assist informed business continuity decision making.

CHOLA's Pandemic Support programs

- Special paid leave for COVID affected employees
- Interest free loans for COVID affected employees & family on easy repayment terms
- Term Life insurance – 50 times of monthly gross
- Hospitalization benefit – General Medical Insurance – Upto ₹ 2.5 Lakhs
- Centralized COVID War room in every Region to identify hospital beds, oxygen & medication for employees and their family
- Monthly gross salary credit to the family of the Deceased employee upto 24 months (with retrospect effect from April 2020 and not limited to COVID related deaths)
- Employment opportunity on merits for the eligible dependents
- Continued Insurance coverage for the rest of the family members for a period of 12 months
- Support education of deceased frontline field employees' children upto graduation
- Company hospitalization tie-up program for COVID affected employees and family
- Cash benefit for immediate relief of COVID affected employees
- Additional Death cover on account of the pandemic
- Doctor on call (24 /7)
- Vaccination Support program & exclusive drives
- Mission "Zero COVID in my branch" program

ENABLING, ENGAGING & EMPOWERING EMPLOYEES

Learning Interventions	Employee Connect	Engaging Teams
Key Highlights No. of programs - 82 Reach 70% Employees **Training Modules** • Process Assessment • Behavioral Assessment • Webinars • E-learning for Process & Product Training for support functions	**Key Highlights** • Personalized enquiries • Increased touch points • Reaching out to 500+ employees per day • Zippi in-house Messenger connecting employees • Chat bot, a personalized help desk support for employees	**Key Highlights** **Virtual Town Hall** Conducted a companywide virtual town hall with top management team addressing employees during lockdown. **Virtual Employee Engagement Activities** Engaging employees and their families through virtual events such as musical fest, kids' summer camp and other activities and virtual talk shows with field experts.

ISO certification in HR Processes:

Chola Human Resources function has now been certified by TUV Nord the ISO 30408:2016 and ISO 9001:2015.

ISO 30408:2016

Indicates that adequate tools, processes and practices have been put in place in order to establish, maintain and continually improve effective human governance within Chola. This certification will add to our Employer Branding with a focus on attracting and retaining talent and will be establishing ourselves in the industry as a people-focused organization.

ISO 9001:2015 – ISO 9001

Is the international standard that confirms the availability of the quality management system (QMS). This standard is based on several quality management principles including a strong customer focus, the motivation and implication of top management, the process approach, and continual improvement in our HR practices.

Corporate Social Responsibility

"Chola believes in helping people and communities enter a better life."

Cholamandalam Investment and Finance Company Limited (Chola) has been able to make a difference to the lives of the community through its various CSR initiatives that are sustainable in nature. The projects are implemented across the operating geographies including the rural community across India.

Chola's CSR activities cover major themes like Preventive Health Care, Providing Water and Sanitation, Promoting Education, Protecting Environment, Conservation of Natural Resources, Conservation of Art and Culture, Promotion of Sports, Encouraging Technology Incubators and Rural Development Projects across 16 states and one Union Territory.

Some of the key focus areas where development programs have been initiated in FY 21 are as follows:

Disaster Management

During COVID-19 pandemic, several welfare activities were undertaken by Chola. The company provided PPE kits and protection gear to truckers, health workers and frontline police force. Chola supported the treatment of patients infected with COVID-19, especially children from low income families. Chola ran awareness campaigns on hand hygiene and social distancing across the country for the benefit of the commercial vehicle crew members.

Education

- **Financial Literacy Program**

  Chola has conducted several financial literacy training programs for the trucking community- drivers, mechanics, cleaners and their families especially women to improve their overall economic well-being. The training has been around income and expenditures, banking systems, importance of saving practices, digital transactions and financial planning.

- **Learning through Arts and Technology**

  Chola has been instrumental in ensuring quality education to less privileged children through various initiatives. 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.

- **Skill Development**

  Chola supports the Murugappa Polytechnic College that imparts quality education and training of international standards in engineering and technology through continuous improvement, teamwork, growth and innovation.

- **Scholarship Programs**

  A college degree is a normal thing but for the trucking community children it's still a challenge. Chola has been running the "My Dream Scholarship Program" for children from the trucking community in Tamilnadu and Rajasthan. Through this program hundreds of students were benefited and were able to pursue higher education beyond 10th and 12th standard.

- **Supporting Educational Trusts**

  A college degree is a normal thing but for the trucking community children it's still a challenge. Chola has been running the "My Dream Scholarship Program" for children from the trucking community in Tamilnadu and Rajasthan. Through this program hundreds of students were benefited and were able to pursue higher education beyond 10th and 12th standard.

Health

- **RAAHI, National Truckers Eye Health Programme**

  Truck driver's occupation exposes them to several health risks and poor eye health is a leading concern. In October 2017, Chola launched RAAHI, National Truckers Eye Health Programme, one of the biggest eye health programmes in the country. The key strength of the programme is real time based data management which allows truckers to receive eye screening services at one location and spectacle pick-up at their preferred location.

- **Healing Little Hearts- Supporting Free Child Heart Surgeries**

  "Healing Little Hearts" is an initiative by Chola in partnership with Sree Sathya Sai Sanjeevani Hospitals. Children connected to families of road transport industry suffering from Congenital Heart Disease (CHD) are provided with free of cost surgeries and treatment. They could be children of drivers, cleaners, mechanics of large, medium and small trucking industry or goods carrier vehicles and mini trucks. They can be from any state in India.

Water & Sanitation facilities in rural areas

Access to safe drinking water and sanitation facilities continues to be a challenge amongst the poor in the rural communities. Chola adopts villages and extends interventions such as individual toilets in villages, village-wise purified drinking water facilities, toilets and water facilities in schools etc. focusing on the upliftment of rural population in the states of Maharashtra, Odisha and Telangana.

Beneficiaries Speak

"I had my first eye check up in the camp, and realised increase in my eye's refractive power. Only after this, I realized that I had diabetes"

**- Surendar Singh Solanki,
a truck driver from Madhya Pradesh**

"The eye camps were held only at Transport Nagar. As it was only meant for truck drivers, it was convenient as we used to go in groups to get our eyes checked"

- Antar Singh, a truck driver at Indore Transport Nagar

I am the eldest son of my family. My father is working as a lorry driver and my mother works as an agri coolie. They did not have enough money to spend for my higher education. Thanks to the "My Dream" scholarship program, i have joined college. I feel very thankful to Cholamandalam Finance for their help to brighten my future and education.

K. Mohanasundharam

I am the second daughter of my family. My father was a lorry driver who died in an accident at Maharashtra, a year and a half ago. In this situation the "My Dream" scholarship program helped me continue my studies. I am very thankful to Cholamandalam Finance for their education support.

R. Sabitha

Financial Highlights

(₹ in Lakhs)

FINANCIAL YEAR ENDED	2021	2020	2019	2018	2017
OPERATING RESULTS					
Total Income	9,51,962	8,65,289	6,99,264	5,47,966	4,66,035
Profit Before Tax (PBT) (Before considering provision for COVID impact of ₹ 565.78 Cr. in FY 21 and ₹ 504.36 Cr. in FY 20)	2,60,423	2,09,009	1,82,315	1,40,137	1,10,558
Profit After Tax (PAT) (Before considering provisions for COVID impact of ₹ 420.47 Cr. in FY 21 and ₹ 334.72 Cr. in FY 20 (post tax impact))	1,93,538	1,38,709	1,18,615	91,830	71,874
Assets					
Loans(net) - Ind AS / Receivables under financing activity - IGAAP	65,83,934	55,40,273	52,62,227	42,25,323	28,41,448
Cash, Bank and Cash Equivalents	5,23,188	6,95,910	3,67,485	88,795	47,064
Others	3,47,720	1,64,056	1,12,918	94,855	1,70,969
Total Assets	**74,54,842**	**64,00,239**	**57,42,630**	**44,08,973**	**30,59,480**
Liabilities and Equity					
Borrowings	63,72,999	55,00,543	50,56,674	38,33,033	24,10,910
Others	1,25,812	82,512	68,382	66,126	2,20,078
Equity	9,56,031	8,17,184	6,17,574	5,09,814	4,28,492
Total Liabilities	**74,54,842**	**64,00,239**	**57,42,630**	**44,08,973**	**30,59,480**
Key Indicators*					
Earnings per Equity Share - Basic (₹)	18.48	13.37	15.2	11.8	9.2
Earnings per Equity Share - Diluted (₹)	18.45	13.35	15.2	11.7	9.2
Dividend per Equity Share (%)	100%	85%	65%	65%	55%
Book Value per Equity Share (₹)	116.58	99.71	78.99	65.22	54.84

Financial Highlights

(₹ in Lakhs)

FINANCIAL YEAR ENDED	2016	2015	2014	2013	2012
OPERATING RESULTS					
Total Income	4,19,371	3,69,119	3,26,284	2,55,568	1,78,821
Profit Before Tax (PBT) (Before considering provision for COVID impact of ₹ 565.78 Cr. in FY 21 and ₹ 504.36 Cr. in FY 20)	87,077	65,722	55,021	45,080	29,011
Profit After Tax (PAT) (Before considering provisions for COVID impact of ₹ 420.47 Cr. in FY 21 and ₹ 334.72 Cr. in FY 20 (post tax impact))	56,845	43,516	36,401	30,655	17,254
Assets					
Loans(net) - Ind AS / Receivables under financing activity - IGAAP	25,91,013	22,18,354	19,42,813	16,62,594	12,32,990
Cash, Bank and Cash Equivalents	49,047	34,066	80,084	38,897	25,840
Others	1,48,771	1,34,903	1,31,783	1,16,989	84,196
Total Assets	**27,88,831**	**23,87,323**	**21,54,680**	**18,18,480**	**13,43,026**
Liabilities and Equity					
Borrowings	22,57,622	19,47,524	18,09,319	15,28,901	11,44,411
Others	1,65,468	1,22,466	1,15,890	93,102	56,887
Equity	3,65,741	3,17,333	2,29,471	1,96,477	1,41,728
Total Liabilities	**27,88,831**	**23,87,323**	**21,54,680**	**18,18,480**	**13,43,026**
Key Indicators*					
Earnings per Equity Share - Basic (₹)	7.5	6.0	5.1	4.6	2.9
Earnings per Equity Share - Diluted (₹)	7.5	6.0	5.1	4.6	2.9
Dividend per Equity Share (%)	45%	35%	35%	35%	25%
Book Value per Equity Share (₹)	47.32	40.70	32.05	27.46	21.38

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

Note: Numbers are as per IND AS from FY 18 onwards and rest of the years are as per IGAAP.

Board's Report

Your directors have pleasure in presenting the forty third annual report together with the audited accounts of the company for the year ended 31 March, 2021.

FINANCIAL RESULTS

₹ in crores

Particulars	2020-21	2019-20
Gross Income	9,519.62	8,652.89
Profit Before Tax (PBT)	2,038.44	1,585.73
Profit After Tax (PAT)	1,514.91	1,052.37
One-time provision for COVID and Macro	565.78	504.36
Profit Before Tax before one-time provisions	2,604.23	2,090.09
Profit after Tax before one-time provisions	1,935.38	1,387.09
Total Comprehensive income	1,480.13	988.92
Appropriation:		
Transfer to statutory and other reserves	1060.00	720.00
Dividend – Equity (including Taxes)	106.56	200.32

SHARE CAPITAL

During the year, there was an increase in paid up capital by ₹ 0.09 crores, consequent to allotment of shares upon exercise of stock options by employees under the company's employee stock option schemes.

OPERATIONS

The year began with the COVID-19 pandemic and nation-wide lock down resulting in halting most of the economic activities across the country and the globe. Central Banks across the globe including RBI came into action for supporting the economy. Moratoriums were offered to borrowers for a period of 6 months to support them to overcome the impact of COVID and related lock down. Emergency Credit Guarantee Schemes and one-time restructuring of loans were other initiatives by RBI to support the borrowers in COVID-19 related stress. Further reduction in repo rates, Cash Reserve Ratio (CRR) and Long Term Repo Operation (LRTO) action with Banks supported in abundant liquidity in the financial system.

Inspite of the slowdown in the automotive sector and imposition of lockdown from March, 2020 to July, 2020 across majority of states, which had a significant impact on the economy, your company surged back and achieved a growth of 16% in assets under management (AUM) for FY 21. The profit before tax (PBT) registered a growth of 29% as compared to FY 20 after considering the one-time provision of ₹ 565.78 crores.

Vehicle Finance (VF) business witnessed a disbursement decline of 13%. Disbursements in VF for the year were at ₹ 20,249.11 crores as against ₹ 23,387.43 crores in the previous year. The business recorded a growth of 14% in closing managed assets and PBT registered a growth by 36% after considering additional provision of ₹ 449 crores towards its share of one-time provision.

Loan Against Property (LAP) business also witnessed a disbursement decline of 1%. Disbursements in LAP for the year were at ₹ 3,626.80 crores as against ₹ 3,661.89 crores in the previous year. The business recorded a growth of 14% in closing managed assets and PBT showed a growth of 25% after considering its share of one-time provision of ₹ 89.71 crores.

Disbursements in Home Loans (HL) business were at ₹ 1,542.28 crores as against ₹ 1,504.74 crores in the previous year and Micro, Small and Medium Enterprise (MSME) business were at ₹ 624.44 crores as against ₹ 537.11 crores in the previous year.

The business AUM of the company as at 31 March, 2021 increased to ₹ 69,996 crores from ₹ 60,549 crores in the previous year, recording a growth of 16%.

In accordance with the Reserve Bank of India (RBI) guidelines related to "COVID-19 regulatory package", your company had offered moratorium to its customers based on their eligibility for EMIs falling due between 1 March, 2020 to 31 August, 2020. Further, your company had offered resolution plans to its customers pursuant to RBI's guideline on 'Resolution framework for COVID-19 related stress'.

Your company holds a management overlay of ₹ 1,100 crores as at 31 March, 2021 which includes an additional one-time provision created for COVID-19 in FY 21 for ₹ 566 crores and also retaining additional provision as on 31 March, 2020 ₹ 534 crores.

As required by the RBI notification dated 13 March, 2020, your company has complied with the requirements of Ind AS and the guidelines and policies approved by the board in recognition of impairment. The overall impairment provision made under Ind AS is higher than the prudential floor (including the provision requirement specified in the above notification) prescribed by RBI.

Given the dynamic and evolving nature of pandemic these estimates include the possible impact of known events till date are subject to uncertainty caused by resurgence of COVID-19 pandemic and related events.

During the year, your company had not availed moratorium on its borrowings. Your company had a closing balance of cash and bank balances including term deposits and investments in Government securities ₹ 6,428 crores, sanctioned lines of ₹ 2,000 crores and undrawn consortium limits of ₹ 1,351 crores as on 31 March, 2021, ensuring no negative cumulative mismatches across all time buckets. Pursuant to RBI notification on monitoring liquidity position of company, Liquidity Coverage Ratio (LCR) must be maintained at 50% and your company has been tracking this ratio for the past few months and ensured that the coverage is amply fulfilled.

OUTLOOK

Outlook for FY 22 continues to remain uncertain, with onset of second wave of COVID-19. 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. LAP 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 has also collaborated and upgraded in strengthening its digital applications with an aim to reduce physical touchpoint with stakeholders especially in this pandemic situation. 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 22.

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

Your company paid an interim dividend on the equity shares at the rate of 65% (₹ 1.30 per equity share) as approved by the Board on 29 January, 2021 for the year ended 31 March, 2021.

Your directors are pleased to recommend a final dividend of 35% (₹ 0.70 per equity share) on the equity shares of the company. With this, the total dividend will be 100% (₹ 2.00 per equity share) for the year ended 31 March, 2021.

TRANSFER TO RESERVES

The company transferred a sum of ₹ 310 crores to statutory reserve as required under the Reserve Bank of India Act, 1934 and ₹ 750 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 19.1% as on 31 March, 2021 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 a grant aggregating to 2,13,805 options to 4 employees. The total number of options issued as on 31 March, 2021 under ESOP 2016 is 35,24,972.

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, 2021 under the ESOP 2007 is 18,820.

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, 2021 are provided and disclosed on the website of the company *(weblink: https://www.cholamandalam/esop.aspx)*.

DIRECTORS

Appointments

Mr. Vellayan Subbiah was appointed as an additional director with effect from 11 November, 2020 by the board and elected as chairman of the board effective 12 November, 2020.

Further, Mr. M.A.M. Arunachalam was appointed as an additional director of the company effective 29 January, 2021.

Mr. Vellayan and Mr. Arunachalam hold office up to the date of ensuing AGM as additional directors. Their appointment as non-executive directors liable to retire by rotation have been recommended for approval of the shareholders at the ensuing AGM of the company.

Mr. Anand Kumar and Mr. Bharath Vasudevan were appointed as additional directors in the capacity of independent directors on 16 March, 2021. They hold office up to the date of ensuing AGM as additional directors. The appointments of Mr. Kumar and Mr. Vasudevan as independent directors up to 5 years from the date of their appointments have been recommended for approval of the shareholders at the ensuing AGM of the company.

Mr. Ravindra Kumar Kundu, Director who retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

Resignation

Mr. M.M. Murugappan, chairman and non-executive director of the company resigned as a director and chairman of the board with effect from the close of business hours of 11 November, 2020.

Mr. Arun Alagappan, managing director stepped down from board of the company with effect from end of day 14 February, 2021.

The board places on record its deep appreciation for the guidance and significant contribution made by Mr. Murugappan and Mr. Arun Alagappan towards the success of the company during their tenure.

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 fulfil 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 21:

1. Mr. Arun Alagappan, Managing Director (upto 14 February, 2021)
2. Mr. Ravindra Kumar Kundu, Executive Director
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.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no significant material changes and commitments affecting the financial position of the company that occurred between the end of financial year and the date of this Report.

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 executive 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. The statutory audit report is attached with financial statement and forms part of this report and does not contain any qualification, reservation or adverse remarks.

RBI has issued guidelines on 27 April, 2021 for appointment of statutory auditors for Banks and NBFCs applicable from second half of FY 22 which inter alia mandates appointment of joint auditors and tenure of the auditors shall be for 3 continuous years. The company will be taking necessary steps to comply with the new RBI guidelines.

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 21. The secretarial audit report is attached and forms part of this report and does not contain any qualification, reservation, or adverse remarks.

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.

ANNUAL RETURN

In accordance with sections 134(3)(a) and 92(3) of the Act, the annual return in form MGT-7 is placed on the website of the company and is available on the *weblink: https://cholamandalam.com/files/MEDIA/Annual-Return-2020-2021.pdf*.

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. The policy along with composition of CSR committee and projects approved by the board are available on the website of the company *(weblink: https://www.cholamandalam.com/community-relations.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 ₹ 32.07 crores and the company spent the entire ₹ 32.07 crores towards CSR activities during FY 21, the details of which are annexed to and forms part of this report.

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 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.

The internal financial controls with reference to the financial statements were tested and reported adequate.

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 were 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 were 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

During the year under review, the company has no major impact on account of conservation of energy or technology absorption. Foreign currency expenditure / remittances amounting to ₹ 143.57 crores was incurred during the year under review. Foreign currency remittances made during the year was ₹ 2.65 crores towards purchase of computer equipment. 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, 2021.

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, 2020, there were no referrals received by ICC.

OTHER DISCLOSURES

There was no fraud reported by auditors of the company as given under Section 143(12) of the Companies Act, 2013 (Read with Companies (Audit and Auditors) Rules, 2014.

During the year ended 31 March, 2021, the company had made one application amounting to ₹ 1.28 crores under the Insolvency and Bankruptcy Code, 2016 ("the Code"). As at 31 March, 2021, total number of applications filed and pending under the Code are 12 amounting to ₹ 31.86 crores. No proceeding is pending against the company under the Code.

During the year, the company had not made any one-time settlement with banks or financial institutions.

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, wealth business dropped by due to cap on upfront income and insurance distribution business was scaled up significantly. CSEC achieved a gross income of ₹ 30.14 crores for the year ended 31 March, 2021 and made a PBT of ₹ 6.84 crores as against a PBT of ₹ 3.27 crores in the previous year. The Mutual Fund AUM was at ₹ 967 crores. CSEC did not declare any dividend during the year. The PBT contribution of CSEC to the overall performance of the company was ₹ 6.84 crores during the year.

CHOLAMANDALAM HOME FINANCE LIMITED (CHFL)

CHFL recorded a gross income of ₹ 37.15 crores for the year ended 31 March, 2021 and made a profit before tax of ₹ 2.62 crores as against a loss of ₹ 0.77 crores in the previous year. CHFL did not declare any dividend during the year. Currently, the company continues its focus on growing insurance corporate agency business.

The PBT contribution of CHFL to the overall performance of the company was ₹ 2.62 crores during the year.

WHITE DATA SYSTEMS INDIA PRIVATE LIMITED (WDSI)

WDSI recorded a gross income of ₹ 5.77 crores for the year ended 31 March, 2021 and made a loss of ₹ 2.30 crores as against a loss of ₹ 1.35 crores in the previous year. WDSI did not declare any dividend during the year.

VISHVAKARMA PAYMENTS PRIVATE LIMITED (VPPL)

During the year, the Company joined a consortium for retail payments – Vishvakarma Payments Private Limited (VPPL) that applied for a New Umbrella Entity (NUE) License for retail payments with Reserve Bank of India. VPPL is a Company incorporated in India under the Act. FSS, Zoho, Zerodha, RazorPay, Ujjivan and Airpay are also part of the VPPL consortium along with the company. The company holds 21% of equity share capital of VPPL. The application for NUE license is pending before RBI.

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
Date : 7 May, 2021

Vellayan Subbiah
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, 2021 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, 2021; 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, 2021.

On behalf of the board

Place : Chennai
Date : 7 May, 2021

Vellayan Subbiah
Chairman

Annexure-I

Secretarial Audit Report

for the financial year ended 31 March, 2021

[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 COMPANY 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, 2021 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, 2021 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, 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 (not applicable during the period under review);

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 during the period under review); and

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

(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 systems and mechanisms established by the Company are 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 generally has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and such other regulatory authorities for such acts, rules, regulations, 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 Director, 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, RBI 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. Notice for meetings called for at a shorter notice and notes on agenda which are circulated less than the specified period, 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 *interalia* 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.

Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

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. Issued secured redeemable non-convertible debentures for ₹5795 Crores and unsecured redeemable non-convertible debentures for ₹145 Crores (PDI).

2. Redeemed secured redeemable non-convertible debentures for ₹ 2219 Crores and unsecured redeemable non-convertible debentures for ₹ 346.50 Crores.

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

CS. R. Sridharan
CP No. 3239
FCS No. 4775
UIN : S2003TN063400
UDIN: : F004775C000249734

Place : Chennai
Date : May 7, 2021

Annexure-II

CSR Report

Annual Report on Corporate Social Responsibility (CSR) Activities:

1. Brief outline on CSR Policy of the Company.

Cholamandalam Investment and Finance Company Limited (Chola) has been able to make a difference in the lives of the community through its various CSR initiatives. Company believes that sustainable development promotes economic growth, greater social well-being, and protection of the environment. The CSR activities of the Company have evolved over the years through its multi-stakeholder engagement programmes benefiting the community at large.

CSR projects in Chola are sustainable by nature and not a onetime activity. These projects are implemented across the operating geographies including the rural community across India. Our efforts are directed towards offering the best path forward for helping people and communities to *Enter a Better Life*.

Chola's CSR activities cover major themes like Preventive Health Care, Providing Water and Sanitation, Promoting Education, Protecting Environment, Conservation of Natural Resources, Conservation of Art and Culture, Promotion of Sports, Encouraging Technology Incubators and Rural Development Projects across 16 states and one Union Territory.

Uplifting the lives of the community has always been the core belief system behind all projects under Chola's CSR programme. Chola has taken a holistic approach to the well-being of the trucking community by focusing on General Health, Eye Health, Child Health, Education with scholarships, Financial literacy, Water and Sanitation Facilities.

Company's Strategic Directions

With a vision to engage and enable people *'Enter a Better Life',* Chola has always strived to improve and develop lives by being a responsible corporate citizen. Some of the key focus areas where development programs have been initiated in FY 21 are as follows:

Disaster Management

The COVID-19 Pandemic has adversely affected lives and livelihoods of people across all segments. Due to the rapid spread and sustained lockdowns imposed in different parts of the country, Chola had to suspend all its field operations such as, its Vision Centres, Eye Camps, and Surgeries etc. During the pandemic, Chola supported welfare activities for the communities at large, especially the trucker community. Among various welfare activities undertaken, Chola provided 3000 PPE kits and protection gear to health workers and frontline police force. The Company supported the treatment of patients infected with COVID-19, especially children belonging to poor Socio Economic sections of society. Chola ran awareness campaigns on hand hygiene and social distancing across 12 locations in the country (Mumbai, Kanpur, Chennai, Bengaluru, Jamshedpur, Paradip, Kolkata, Indore, Ahmedabad, Betia and Jaipur). Chola contributed an aggregate sum of ₹ 5.48 crores to PM Cares Fund and Tamil Nadu State Disaster Relief Fund during the year to aid the fight against COVID.

Education

Chola has been instrumental in ensuring quality education to children through its various projects / initiatives. These efforts contribute towards better access and material to students, reduce dropout rate and broaden vision building. The education initiatives undertaken by the company are diverse and vary as per the need from location-to-location and community-to-community.

As part of the Financial Literacy program, Chola reached out to 14160 Truck **Drivers, Mechanics** and **Cleaners** and their Families especially women to make them aware of Income and expenditures, banking systems, importance of saving practices, digital transactions and financial planning in a series of sessions at 2 blocks of **Kutch District, Gujarat (Bhuj, Anjar/Gandhidham).**

Chola supports the Murugappa Polytechnic College that imparts quality education and training of international standards in engineering and technology through continuous improvement, teamwork, growth and innovation. It offers courses in Civil Engineering, Computer Engineering, Electrical Engineering, Electronics and Communication Engineering and Mechanical Engineering.

Chola in partnership with Women Organization for Rural Development (WORD) has been running the **"My Dream Scholarship Program"** for children from the trucker's community during the past two years in Namakkal and the surrounding districts in Tamilnadu. Under a similar program in partnership with PRAYAS, Chola also supports children from the trucking community in Kishangarh, Jaipur in Rajasthan. The current COVID situation and the subsequent lockdown and travel restrictions have resulted in loss in jobs and a cash crunch for many of these truckers and it has been a very challenging period for them. Many students discontinue their studies after class 10 and 12 due to want of funds. This scholarship enables such children to continue their higher education with the help of the scholarship. Chola believes that in supporting such children from the trucking community enables them to dream bigger and helps them find a footing in the world. In FY 21, Chola has provided scholarships to 120 students in courses of IT, Nursing, ITI etc.

In addition, Chola has been supporting Educational Trusts such as the AID India Foundation, Nalandaway and Isha Vidya as well over the past 6 years for providing quality education and access to economically backward sections of the society.

Health

India has a large trucking population estimated at 5-6 million drivers and helpers, and about 2-2.5 million are classified as long-distance drivers. Truck drivers in India have to travel long distances in their lifetime, on an extensive spread of National and State highways that range from well-engineered roads to a complete absence of concrete roads. Their occupation predisposes them to a multitude of risk factors such as prolonged sitting and motor vehicle driving, tight running schedules, reduced rest breaks, traffic congestion, the sedentary nature of job, and resultant physical, psychological and behavioral problems. All this affects the health status of the drivers and results in a large number of road accidents on the highways.

Chola **launched RAAHI** in October 2017, one of the Country's biggest Eye Health Programmes for the truck drivers' community for reaching out to 150,000 truckers with the prime focus to minimize road accidents. The programme has geographically evolved with 30 locations operational currently falling on and around the golden quadrilateral route in India. The key strength of the programme is real time based data management which allows truckers to receive eye screening services at one location and spectacle pick-up at their preferred location. Company's approach to trucker's eye health is pertinent – exploring what interventions work to provide eye health services to the most vulnerable and mobile groups in the community.

In India, 9/1000 children are born with Congenital Heart Diseases (CHD) and it is estimated that over 240,000 children are born with CHD each year. There are approximately 60 centers that cater to children with congenital heart disease. Causes of CHD are multifactorial, both Genetic & Environmental. Various studies highlight that the incidence of CHD is higher among lower income families and these children do not get diagnosed timely, leading to higher morbidity and mortality. **Healing Little Hearts-** It is an initiative by Chola in partnership with Sree Sathya Sai Sanjeevani Hospitals. "Healing Little Hearts" supported surgeries of 100 children connected to families of road transport industry suffering from Congenital Heart Disease (CHD) last year. They could be children of drivers, cleaners, mechanics of large, medium and small trucking industry or goods carrier vehicles and mini trucks. They can be from any state in India. The complete treatment for Congenital Heart Disease (CHD) has been provided totally free of cost to the beneficiaries under this program.

Access to clean drinking water

Access to safe drinking water still remains a major problem for most of the rural poor communities. While some communities lack access to water facilities; some others face water contamination problems. Excess fluoride in the majority of the water sources in rural areas is leading to dental and skeletal fluorosis. Water contamination is a huge problem in slum areas due to age old pipelines, mix of water with sewer drains etc., leading to multiple health issues such as diarrhoea, typhoid, skin diseases, and joint pains etc. Under the access to clean water project, Chola worked with villages in Odisha and Telangana and extended interventions by providing purified drinking water facilities for villages and schools. Chola installed ultra filtration water plants in 22 villages of Telangana.

2. Composition of CSR Committee (as on March 31, 2021):

Sl. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Vellayan Subbiah	Non-executive / Promoter Director / Chairman	2	1*
2	Ms. Bhama Krishnamurthy	Non-executive / Independent Director	2	2
3	Mr. M.A.M. Arunachalam	Non-executive / Promoter Director	2	1*

* During their tenure as members, one meeting was held and the members have attended the same.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

- https://www.cholamandalam.com/community-relations.aspx

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Sl. No.	Name of the project	Implementing Partner Agency (IPA)	Financial year	About the Project	Objective	Findings
1	Raahi	Royal Commonwealth Society for the blind aka Sightsavers India	FY 19-20	The Raahi programme is designed around the high intensity points along Golden Quadrilateral, which is a national highway network connecting many of the major industrial, agricultural and cultural centres of India. Chola has installed Vision centers at 12 such locations in the country.	Increase reach to eyecare services among the trucker community. Ensure that refractive error and referral services are delivered on time. Coordinate regular follow-up with the beneficiary. Maintain the compliance standards of eye care distribution.	1. 63% of the beneficiaries are wearing the glasses provided to them. 2. 25% of the beneficiaries are using the glasses all the time and 41% of them are using while driving. 3. The details of each beneficiary are digitally maintained. For those who have refractive error issues, the prescribed lenses are delivered within nine days.
2	The Gift of life	Sri Sathya Sai Health and Education Trust	FY 19-20	To support the expenses of surgeries of the children with Congenital Heart Disease, of families who are connected to the Road Transport Sector in India.	The estimated number of children born with congenital heart disease in India is more than 200,000 per year. Of these, about one-fifth children are likely to have serious health issues, requiring a surgical intervention in the first year of life. Chola to support surgeries for children diagnosed with CHD.	The beneficiaries include children of 35 truck drivers, 14 taxi drivers, 3 bus drivers, 2 mechanics and 3 manual labours, who were benefited from this initiative. The success rates of the surgeries are high and the children are living a healthier life.
3	AMM Polytechnic college	AMM Foundation	FY 19-20	Murugappa Polytechnic College was established in August 1957 as a government-aided polytechnic college in memory of Dewan Bahadur A.M. Murugappa Chettiar. The institution is affiliated with the Tamil Nadu State Board of Technical Education and is located on a 12.5 hectare campus in Chennai. The vision of the institute is to be a world class institution by imparting quality education & training of international standards in engineering and technology through continuous improvement, team work, growth and innovation.	To revamp the structures and create more avenues for effective utilisation of space in the college. To bring in additional sports facilities for the students.	1. Dedicated sports areas were setup. 2. Established laboratories where promising technologies can be tested. This multi-faceted, one-of-a-kind centre provides students with professional growth workshops, internships, R&D support, and industrial consulting services in a variety of fields.

Sl. No.	Name of the project	Implementing Partner Agency (IPA)	Financial year	About the Project	Objective	Findings
4	Infrastructure support to Sir Ivan Stedeford Hospital	AMM Foundation	FY 19-20	Ivan Stedeford hospital was built in the year 1966. Due to the increasing number of patients and in keeping with the requirement to deliver quality patient care, it was decided to upgrade the existing buildings and construct new blocks that would permit delivery of all multi-specialty medical services.	To upgrade the existing buildings and construct new blocks that would permit delivery of all multi-specialty medical services.	As a part of phase IV development - following blocks were revamped - New Operation Theatre Complex - Casualty Treatment Center - ICU and Step Down ICU - Ophthalmology Ward

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any -** Nil

6. **Average net profit of the company as per section 135(5) -** ₹ 1,60,341.67 lakhs

7. **(a) Two percent of average net profit of the company as per section 135(5) -** ₹ 3,206.83 lakhs

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil

   (c) Amount required to be set off for the financial year, if any - Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ 3,206.83 lakhs

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	NA	Amount	Date of transfer
3,207.48 lakhs	Nil	NA	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Not applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount trans--ferred to Unspent CSR Account for the project as per section 135(6) (₹ in lakhs)	Mode of Imple--mentation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
			Yes/ No	State	District						Name	CSR Regis--tration number
1	Infrastructure support to expand Sir Ivan Stedeford Hospital Phase- III	Health	Yes	Tamil Nadu	Chennai	12 months	365.69	365.69	Nil	No	AMM Foundation	CSR 00000050
2	Supporting Valliammai Achi hospital in its Out Patient Care	Health	Yes	Tamil Nadu	Chennai	12 months	138.00	138.00	Nil	No	AMM Foundation	CSR 00000050

SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount trans-ferred to Unspent CSR Account for the project as per section 135(6) (₹ in lakhs)	Mode of Imple-mentation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
			Yes/ No	State	District						Name	CSR Regis-tration number
3	Support the training cost of Murugappa Youth Football Academy	Sports	Yes	Tamil Nadu	Chennai	12 months	27.71	27.71	Nil	No	AMM Foundation	CSR 00000050
4	Support Murugappa polytechnic college	Education	Yes	Tamil Nadu	Chennai	12 months	150.58	150.58	Nil	No	AMM Foundation	CSR 00000050
5	Provide Rural community with a Mobile Health Van	Health	Yes	Assam	Guwa hati	12 months	35.00	35.00	Nil	No	AMM Foundation	CSR 00000050
6	Various health Development project	Health	Yes	Tamil Nadu	Chennai	12 months	429.67	429.67	Nil	No	AMM Foundation	CSR 00000050
7	Support Murugappa Science Centre in Palathur	Education	Yes	Tamil Nadu	Chennai	12 months	21.75	21.75	Nil	No	AMM Foundation	CSR 00000050
8	Support AMM Foundation Mobile science lab in Sivagangai and Pudukkottai	Education	Yes	Tamil Nadu	Chennai	12 months	17.21	17.21	Nil	No	AMM Foundation	CSR 00000050
9	Scholarship support to promote arts related higher studies	Arts and Crafts	Yes	Tamil Nadu	Chennai	12 months	10.00	10.00	Nil	No	India Foundation for the Arts	
10	COVID-19 Containment- Face Shield for Police men and Health workers in Chennai	Disaster manage- -ment	Yes	Tamil Nadu	Chennai	12 months	25.00	25.00	Nil	No	Indian Institute of Technology -Madras (IIT-M)	CSR 00004320
11	Chola –Sightsavers COVID -19 Project	Disaster manage- -ment	Yes	Pan India	Chennai	12 months	19.40	19.40	Nil	No	Royal Common wealth Society for the Blind aka Sightsavers India	CSR 00001381
12	PM Cares Fund	Disaster manage- -ment	Yes	Pan India	Chennai	12 months	248.00	248.00	Nil	No	PM Cares Fund	
13	Tamil Nadu -State Disaster Relief Fund	Disaster manage- -ment	Yes	Tamil Nadu	Chennai	12 months	300.00	300.00	Nil	No	Tamil Nadu -State Disaster Relief Fund	

SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount trans--ferred to Unspent CSR Account for the project as per section 135(6) (₹ in lakhs)	Mode of Imple--mentation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
			Yes/ No	State	District						Name	CSR Regis--tration number
14	Containment of COVID-19 Project	Disaster manage--ment	Yes	Tamil Nadu	Chennai	12 months	100.00	100.00	Nil	No	Child Trust Medical and Research Foundation (CTMRF)	CSR 00002494
15	Arts in Education Project	Education	Yes	Tamil Nadu	Chennai	12 months	16.22	16.22	Nil	No	Nalandaway	CSR 00001780
16	Scholarship Program for trucking community Children – TN	Education	Yes	Tamil Nadu	Chennai	12 months	13.06	13.06	Nil	No	Women Organization for Rural Development (WORD)	CSR 00002346
17	My Dream Chola-Scholarship for Truckers community children to kindle their dreams Project	Education	Yes	Rajas--than	Jaipur	12 months	16.73	16.73	Nil	No	Association for Rural Advancement through Voluntary Action and Local Involvement (ARAVALI)	CSR 00000735
18	Support Under privileged Children	Education	Yes	Rajas--than	Jaipur	12 months	2.36	2.36	Nil	No	Vidya Bhawan	CSR 00003180
19	Chola- Eureka school Infrastruc--tural development project- Computer Laboratory	Education	Yes	Tamil Nadu	Chennai	12 months	9.87	9.87	Nil	No	AID India	CSR 00000027
20	Multi-Dimensional Learning Program in Govt School-Science Lab	Education	Yes	Tamil Nadu	Chennai	12 months	8.47	8.47	Nil	No	United Way Chennai	CSR 00000572
21	My dream Scholarship program Phase -III	Education	Yes	Tamil Nadu	Salem	12 months	59.45	59.45	Nil	No	Women Organization for Rural Development (WORD)	CSR 00002346
22	Chola-Equestrian Sports Develop--ment Project	Environ--ment	Yes	Tamil Nadu	Chennai	12 months	32.00	32.00	Nil	No	Madras Race Club	
23	Chola-NCF Environment Sustainability Project	Environ--ment	Yes	Laksha--dweep	Laksha--dweep	12 months	24.58	24.58	Nil	No	Nature Conservation Foundation (NCF)	CSR 00001665

SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount trans-ferred to Unspent CSR Account for the project as per section 135(6) (₹ in lakhs)	Mode of Imple-mentation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
			Yes/ No	State	District						Name	CSR Regis-tration number
24	Chola - Sightsavers Eye Health Project	Health	Yes	Pan India	Pan India	12 months	180.45	180.45	Nil	No	Royal Commnwealth Society for the Blind aka Sightsavers India	CSR 00001381
25	SAKSHAM-Truckers Eye Health Program under Truckers community Liveli hood Streng thening project	Health	Yes	Rajas--than	Jaipur	12 months	31.29	31.29	Nil	No	Association for Rural Advancement through Voluntary Action and Local Involvement (ARAVALI)	CSR 00000735
26	Chola -Streng thening Maternal Health Project	Health	Yes	Chhatti--sgarh	Raipur	12 months	45.00	45.00	Nil	No	Sri Satya Sai Sanjeevani Hospitals	CSR 00001048
27	Choladitya Mobile Health care Project	Health	Yes	Maha--rashtra	Mumbai	12 months	38.00	38.00	Nil	No	Aditya Jyot foundation	CSR 00002697
28	Cancer treatment for Children Project	Health	Yes	Tamil Nadu	Chennai	12 months	2.59	2.59	Nil	No	Tiara Haemophelia and Cancer Foundation	CSR 00000448
29	SAKSHAM-Truckers Eye Health Program under Truckers comm unity Livelihood Strengthening project	Health	Yes	Rajas--than	Jaipur	12 months	37.94	37.94	Nil	No	Association for Rural Advancement through Voluntary Action and Local Involvement (ARAVALI)	CSR 00000735
30	Cholamandalam-The gift of life phase II	Health	Yes	Pan India	Pan India	12 months	120.00	120.00	Nil	No	Sri Sai Sanjeevani	CSR 00001048
31	Swasthya Odisha Gram Vikash Project Phase - IV	Health	Yes	Odisha	Cuttack	12 months	51.56	51.56	Nil	No	Women Education and Environment	CSR 00000911
32	Rural development initiative in Vandavasi taluk of Tiruvannamalai district, Tamil Nadu.	Rural Develop--ment	Yes	Tamil Nadu	Chennai	12 months	1.06	1.06	Nil	No	Sri Varadha Anjaneyar Alaya Trust	
33	Soft Skills Training for NPTEL Toppers	Education	Yes	Tamil Nadu	Chennai	12 months	40.00	40.00	Nil	No	Indian Institute of Technology -Madras (IIT-M)	CSR 00004320

SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project - State	Location of the project - District	Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount trans-ferred to Unspent CSR Account for the project as per section 135(6) (₹ in lakhs)	Mode of Imple-mentation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency - Name	Mode of Implementation - Through Implementing Agency - CSR Regis-tration number
34	SwacchaTelangana Project Phase-III	WASH	Yes	Telan-gana	Osmana-bad	12 months	49.60	49.60	Nil	No	Bala Vikasa Social Services Society	CSR 00000313
35	Community Toilet at Vengampakkam	WASH	Yes	Tamil Nadu	Chennai	12 months	3.34	3.34	Nil	No	Rotary Club of Madras Temple City	
36	Swachh Poondi Lake Project Phase II	WASH	Yes	Tamil Nadu	Chennai	12 months	55.95	55.95	Nil	No	Voice Foundation	CSR 00000951
37	Accessible school-Kolappanchery	Education	Yes	Tamil Nadu	Chennai	2 months	0.25	0.25	Nil	No	AID India	CSR 00000027
38	Supply of Clean Drinking Water at Teynampet Police Station	WASH	Yes	Tamil Nadu	Chennai	12 months	6.20	6.20	Nil	No	United Way Chennai	CSR 00000572
39	Research and Development on nutritional food/ supplements for rural communities	Rural Develop-ment	Yes	Tamil Nadu	Chennai	12 months	108.75	108.75	Nil	No	Shri AMM Murugappa Chettiar Research Centre, Chennai (MCRC)	CSR 00000057
40	Research and Development of Sustainable Agricultural Practices for Small Land Holding Farmers	Environ-ment	Yes	Tamil Nadu	Chennai	12 months	171.01	171.01	Nil	No	Shri AMM Murugappa Chettiar Research Centre, Chennai (MCRC)	CSR 00000057
41	Studies on bio-diversity and Climate	Environ-ment	Yes	Pan India	Pan India	12 months	26.01	26.01	Nil	No	Shri AMM Murugappa Chettiar Research Centre, Chennai (MCRC)	CSR 00000057
42	Studies on Bio energy from agro and other wastes	Environ-ment	Yes	Pan India	Pan India	12 months	112.01	112.01	Nil	No	Shri AMM Murugappa Chettiar Research Centre, Chennai (MCRC)	CSR 00000057
43	Administration Expenses						55.70	55.70	Nil			
	Total						**3207.48**	**3207.48**				

(d) Amount spent in Administrative Overheads - ₹ 55.70 lakhs

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 3,207.48 lakhs

(g) Excess amount for set off, if any-

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	3,206.83 lakhs
(ii)	Total amount spent for the Financial Year	3,207.48 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.65 lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) - Nil

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not applicable

On behalf of the board

Place : Chennai
Date : 7 May, 2021

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman - CSR Committee

Annexure-III

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, 2021

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 2021 as compared to 2020#**	**Ratio of Remuneration to Median Remuneration of employees**
	Non-Executive Directors		
	Mr. Vellayan Subbiah, Non-executive Director / Chairman	NA	NA
	Mr. Ashok Kumar Barat, Non-executive / Independent Director	Nil	1.82:1
	Mr. N. Ramesh Rajan, Non-executive / Independent Director	Nil	2.19:1
	Mr. Rohan Verma, Non-executive / Independent Director	Nil	1.82:1
	Ms. Bhama Krishnamurthy, Non-executive / Independent Director	Nil	1.82:1
	Mr. M.A.M. Arunachalam, Non-executive / Additional Director	NA	1.82:1
	Mr. Anand Kumar, Non-executive / Independent / Additional Director	NA	1.82:1
	Mr. Bharath Vasudevan, Non-executive / Independent / Additional Director	NA	1.82:1
	Mr. M.M. Murugappan, Non-executive Director / Chairman (Up to 11 November, 2020)	Nil	1.82:1
	Executive Directors		
	Mr. Ravindra Kumar Kundu, Executive Director	10.38%	39.82:1
	Mr. Arun Alagappan, Managing Director (Up to 14 February, 2021)	13.85%	69.76:1
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 2021 as compared to 2020**	
	Mr. D. Arul Selvan, Chief Financial Officer	8.36	
	Ms. P. Sujatha, Company Secretary	5.83	
c) Percentage increase in median remuneration of employees in the financial year	10% increase in median remuneration		

Nature of Disclosure	Particulars		
d) Number of permanent employees on the rolls of company (as of 31 March, 2021)	7,620		
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 20 and FY 21, the average increase is 8.21%. The average increase for managerial personnel is 8.19%.		
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.

● Remuneration to directors does not include sitting fees paid to them for attending the meetings.

On behalf of the board

Place : Chennai
Date : 7 May, 2021

Vellayan Subbiah
Chairman

Management Discussion and Analysis

MACROECONOMIC OVERVIEW

The financial year 2020-21 began with unprecedented disruptions to lives and livelihood across the world and India was no exception. A stringent nationwide lockdown was imposed in India during the initial phase of the pandemic in March-June 2020. The impact of pandemic and lockdown was disproportionately felt across industries. The pandemic posed unprecedented dilemma before policymakers – lives vs livelihoods and flattening the twin curves of pandemic and the resultant recession. India experienced first economic recession in 4 decades. Indian economy shrunk by 24.4% in Q1 FY 2020-21.

However, the year 2020 was a year of crisis and opportunities for Indian industries. Gradual lifting of lockdown and easing of movement restrictions, pent-up and festive demand, and revival of several infrastructure projects by Government helped the manufacturing and construction sectors to bounce back stronger. RBI, akin to other central banks across the globe sprang into action for supporting the economy. RBI cut repo rate by 75 bps to 4.4% in March 2020 and subsequently by another 40 bps to 4% in May 2020 and since then it remains at 4%. Moratorium was offered to borrowers for a period of 6 months to support them from impact of COVID and related lockdown. RBI also reduced cash reserve ratio by 100 bps and undertook Long Term Repo Operations (LTROs) with banks. Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investments once lockdown was progressively withdrawn. A favourable monetary policy ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission.

The Government of India provided COVID-19 Stimulus Package of ₹ 20 lakh crores amounting to 10% of the GDP. India's economic recovery has been V shaped with GDP growth of 0.5% in Q3 FY 21 and 1.6% in Q4 FY 21 after contracting 24.4% and 7.4% in Q1 FY 21 and Q2 FY 21, respectively. India's GDP for FY 21 is to contract by 7.3% as compared to 4.0% growth in FY 20. This is the first full year contraction in the Indian economy in the last four decades since 1979-80, when GDP had shrunk by 5.2%. GDP at Constant Prices (2011-12) in the year 2020-21 is likely to attain a level of ₹ 135.13 trillion, as against the First Revised Estimate of GDP for the year 2019-20 of ₹ 145.69 trillion. Agriculture set to cushion the shock of the COVID-19 pandemic on the Indian economy in FY 21 with a growth of 3.6%. Manufacturing sector is expected to contract 7.2% during FY 21. Mining and quarrying output expected to contract by 8.5%. Among services sectors, trade, hotel, transport is expected to contract 18.2%. Despite rising crude oil and auto fuel prices in India Consumer Price Inflation (CPI) for 2021 is expected to be at 4.9% and to 5.1% for 2022. World Bank has pegged GDP growth of India at 8.3% given the COVID-induced uncertainty from second wave which started in mid-February 2021.

Source: RBI, NSO (MOSPI)

INDUSTRY GROWTH PROSPECTS

AUTO INDUSTRY

The auto industry was hit badly in FY 21, coupled with the structural slowdown which was already prevailing in the segment. This has pushed back the industry by many years.

The domestic commercial vehicle industry closed FY 21 with a 21% de-growth after recording a 29% negative growth in FY 20 which is predominantly on account of the disruption in sales due to lockdown restrictions, negative customer sentiments and economic slowdown. Medium and heavy commercial vehicles (MHCV's) recorded a 22% de-growth, light commercial vehicles (LCV's) at 18% de-growth and small commercial vehicles (SCV's) at 25 de-growth. Sale of domestic commercial vehicles is expected to grow in FY 22 after two consecutive years of volume contraction supported by the low base and expectation of improved economic activity from second half of FY 22. However the full impact of the second wave of COVID-19 and its recovery is still not known. The vaccination drive and control of COVID-19 spread in the first two quarters is very critical for a positive growth trajectory in sales volumes in FY 22.

Domestic car and utility vehicle industry has witnessed three years of negative growth which is the first time in a decade which were majorly attributed to muted consumer sentiments and higher cost of ownership. The car & utility vehicle industry is expected to post a favourable growth subject to quicker pick-up in economic activity after the second wave of the pandemic, improved consumer sentiments supported by resilient rural demand due to favourable monsoons. The shift towards personal mobility from public transport will also help the car and utility segment in the urban towns and cities.

Tractor industry had a growth of 27% in FY 21 due to healthy farm cash flows on the back of a normal monsoon and minimal

COVID-19 impact in rural areas. The momentum is expected to continue in FY 22 with a moderate growth of 5% to 10% (due to a high base effect) aided by a normal monsoon healthy crop output, and increased government spend on development activities.

Two-wheeler industry had a de-growth of 13% in FY 21 due to higher inflation levels and reduced discretionary spending. The industry is expected to grow at around 10% to 15% in FY 22 on a severely contracted base.

LOAN AGAINST PROPERTY

The MSME community was impacted majorly during the first half of FY 21. However, introduction of targeted initiatives by Government and RBI viz. Emergency Credit Line Guarantees Scheme (ECLGS), moratorium and restructuring helped MSMEs to rebound in the second half of FY 21 and is expected to continue providing momentum in FY 22 as well.

India's FY 22 GDP growth is expected to bounce sharply in double digits as per various economic forecast reports and this augurs well for the MSME industry in general. Banks & Non-Banking Finance Companies (NBFCs) are well placed to capitalise on the expected MSME growth in FY 22. Most of the players in Loan Against Property (LAP) were cautious in terms of disbursements in FY 21 and this scenario is expected to change in FY 22. As per ICRA sectoral outlook report 2022, NBFC growth is expected to revive in FY 22 to 7-9%. NBFCs with healthy portfolio mix of low average ticket size and Self-Occupied Residential Properties (SORP) asset class are placed in better position to grow substantially.

Source: OECD, Fitch

HOME LOANS

The Indian Housing Finance market is estimated at about ₹ 23 lakh crores and grew at around 1-2% in FY 21. In terms of ticket size, the sub 25 lakhs segment contributes more than 45% of the mortgage outstanding. The growth in the affordable housing finance segment continued to out-pace the housing sector. The demand was subdued through FY 21 and green shoots began to emerge by Q3 FY 21. Analysts expect the Housing Sector to grow 6-10% in FY 22 and Affordable housing to grow at 12-15% in the same period.

The lockdown significantly impacted repayments especially in marginal communities and self-employed semi-formal segments. Salaried customers too faced salary cuts and retrenchments. Both ICRA and CRISIL projected that NPAs are expected to deteriorate 20-50 bps in the near term. However, with increased economic activity in Q3 & Q4 collection efficiencies showed significant improvement.

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. Further, lowering the threshold for NBFCs to avail debt recovery under SARFAESI from ₹ 50 lakhs to ₹ 20 lakhs will aid recoveries of NPAs by NBFCs.

The above outlook is subject to COVID-19 second wave abating soon.

BUSINESS ANALYSIS

VEHICLE FINANCE

The vehicle finance (VF) disbursements during the year were ₹ 20,249 crores as against ₹ 23,387 crores in the previous year with a de-growth of 13% primarily due to drop in industry volumes across segments caused by the COVID-19 pandemic. The VF division was able to grow in the tractor and construction equipment segment over last year by 46% and 34% respectively. The PBT during the year was ₹ 1,287 crores as against ₹ 945 crores in the previous year. The VF division continued its focus on maintaining asset quality through an aggressive collection strategy, which helped in restricting gross stage 3 assets to 3.08% though it was a challenging year due to a stressed macro-economic environment which had impacted customer cash flows.

The VF business 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 in terms of tractor, two-wheeler and passenger vehicle business. Any uptick in the demand for small commercial vehicle and light commercial vehicle will help the business in garnering greater market share due to its presence in rural areas. Chola is one of the largest players in used vehicle financing with a disbursement mix of 27% in this segment which will enable us to balance the portfolio effectively and generate disbursement volumes during these challenging times.

The business has enhanced the support for digital connectivity and continues its focus on productivity. A host of cyber security initiatives have been implemented to ensure uninterrupted operations during COVID-19 lockdown even while working remotely. The business continues to capitalize on its people, process, and technological capabilities to maximize returns on assets (ROA). Industry leading domain experts and strategy consulting firms have been engaged to create a highly productive workforce leveraging the digital credit underwriting process, cost effective collections process and digital backend operations. The company has designed a multi-pronged long-term strategy to minimize the cost of operations and credit losses, to maximize ROA and customer experience. Operating model enhancements have been prioritized and are being implemented for re-imagination of existing processes at a product level, to augment sales, drive operating efficiencies, reduce costs, and balance credit risk through better pricing. The business will endeavour to expand and strengthen its existing relationships with customers, manufacturers, brokers and dealers, utilizing new tools and platforms. One such initiative is Gaadi Bazaar with the objective of best price discovery for used vehicles through a seamless sale-purchase process. VF Business has implemented multiple collection processes which enable customers to shift towards alternate digital payment modes, such as RTGS, NEFT transfers, through payment banks, etc. Customer awareness for making such online payments was ensured through constant customer interactions. This is expected to 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 network of 1093 branches which will support in growing market share across product segments through enhanced dealer and geography coverage. These branches also help in acquiring new customers and creating a closer proximity with customers thereby improving collection efficiency and increasing repeat business. The business has a robust collection mechanism in place aided with a strong credit risk assessment framework.

LOAN AGAINST PROPERTY (LAP)

The focus of the LAP business during FY 21 was to stabilize disbursements, get systems and processes equipped to handle COVID induced challenges, and prioritize customers & employees' safety. The business continues to focus on a systematic approach to build a healthy portfolio mix, with more than 80% of portfolio as Self-Occupied Residential Properties (SORP) and an average loan ticket size of less than ₹ 50 lakhs. Portfolio Loan-to-Value (LTV) ratio at origination is consciously maintained at 52% levels which provides adequate security cover to the business. Even with nationwide lockdown during Q1 FY 21, the business clocked ₹ 3,627 crores of disbursements in FY 21, which is at par with the full year disbursements of ₹ 3,662 crores in FY 20. Amidst a challenging macro-economic situation, Assets Under Management (AUM) for the business managed to grow by 14% to ₹ 14,777 crores in FY 21 compared to ₹ 12,960 crores in FY 20.

The business had reached pre-COVID level of monthly disbursements by the end of Q2 FY 21 with adequate credit policy changes in place in tune with market challenges. Emergency Credit Line Guarantee Scheme (ECLGS) introduced by Government of India was leveraged and approximately ₹ 800 crores was disbursed under this scheme as of March 2021. The business was also proactive in providing moratorium and Ex-gratia benefit to eligible customers, as announced by Government of India.

To build a resilient and scalable business platform, the business has performed geographical restructuring activity across zones and functions. The business, with its presence in 243 branches (as of March 2021) pan India, primarily focusses on Tier 2, Tier 3 and Tier 4 cities. Out of these 243 branches, 237 branches are co-located/ shared with other business verticals which will help in optimizing branch operating costs.

HOME LOANS

As of 31 March, 2021, the Home Loans (HL) business had 34,392 live accounts (44% growth Y-o-Y) (year on year) with an AUM of ₹ 4,345 crores (39% growth Y-o-Y). 87% of this portfolio is in Tier II, III, IV cities and towns. The disbursements grew 2% YoY in FY 21 from ₹ 1,505 crores in FY 20 to ₹ 1,542 crores in FY 21. The portfolio is focused to be end-use driven. The target group remains the Lower Middle-Income Group customer. The average ticket size is ~₹ 15 lakhs with an average LTV of 60% which reflects the quality of houses and marketability. 96% of the portfolio comprises business owners with significant business vintage buying their first home. 28% of customers are first time borrowers. The HL business has built on Chola's inherent strength in lending to the lower middle income 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, and additional loans for existing customers. Self-construction remains a strong focus of the company with significant proportion of the portfolio sourced from this segment.

The business has been strengthening the channel partner network to reach out to more customers at their doorstep. Home Loans are serviced through 168 branches across 9 states. Given that these customers are mostly first-time buyers the Sales Officers guide and facilitate the customer through the entire process. The business has adopted technology to offer contact-less service delivery to its customers round the clock with a comprehensive customer service mobile application and web portal.

DIGITAL JOURNEY

With an aim to reduce physical touchpoint with stakeholders, the business has upgraded its system with a host of integrations covering entire stakeholder ecosystem. VideoPD, eNACH, KYC verification and validation. GST and Bank statement analysis were introduced by keeping customer priorities in mind, apart from introducing a dedicated customer facing application. Also, online payment modes for collections have been introduced to provide customers with multiple payment options. For vendors, online portals have been introduced to liaise and share documents with the business. Employees have been provided with mobile tablet devices, and digital collaboration tools/applications have been introduced to minimize physical presence at branch offices.

ASSET LIABILITY MANAGEMENT

FY 21 was a year of unprecedented upheaval and uncertainty. The economies were at a standstill in the beginning of FY 21 on account of the pandemic. Even as FY 21 progressed, there was uncertainty on the business outlook. The company kept ALM in focus, watching RBI's commentaries, observing the market dynamics and engaging in continuous dialogue with lenders to ensure a healthy ALM even when the economy was locked down and thereafter.

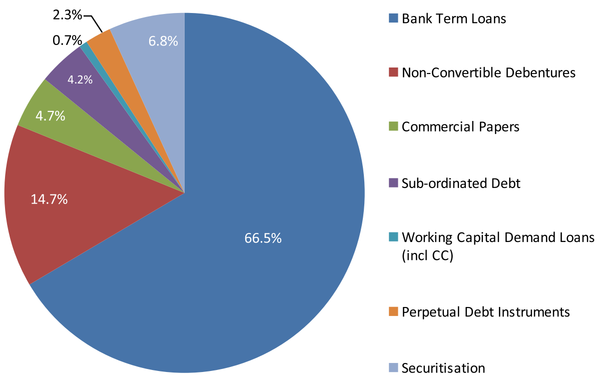
The company monitored liquidity closely and ensured availability of funds at the best rates throughout the year. It is also to be noted that this was achieved without availing moratorium from any of the lenders. Since a significant number of customers had availed moratorium, liquidity had to be managed carefully. The company took a conservative stance and maintained an optimum level of liquid assets to ensure a comfortable ALM position. This conservative policy of the company helped in ensuring that company met all maturities and obligations.

The company continued to avail long term bank borrowings at competitive rates. Market borrowings were attractive on account of benign interest rate outlook and company raised market borrowings to take advantage of the downward trend in interest rate.

Long-term borrowings - in the form of medium-term loans, medium/long-term NCDs, External Commercial Borrowings (ECB) and Tier II - contributed ~63% of the gross incremental borrowings. Sale of receivables by way of securitisation amounting to ₹ 1,577 crores helped in the matching of inflows and outflow, over the tenure of the loan book as well as in reducing the borrowing costs.

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, 2021, is given below:



BANK BORROWING

In FY 21, the company mobilised ₹ 14,921 crores (net) of medium-term loans and ₹ 1,173 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 Q2, the company successfully garnered $185 million by way of ECB loans on a fully hedged basis from the US International Development Finance Corporation (DFC). The company continued to enjoy the steadfast support of the lending banks and the strong relationship helped manage the borrowing plan for FY 21.

MARKET BORROWING

During FY 21, the company raised CP of ₹ 12,965 crores of which ₹ 9,900 crores were repaid. CP outstanding as at the end of the year was ₹ 3,065 crores. Medium and long-term secured NCDs to the tune of ₹ 5,795 crores were mobilised at competitive rates. At the end of FY 21, outstanding NCD stood at ₹ 8,936 crores.

The Tier II borrowings raised during the year was ₹ 145 crores of Perpetual debt and as at the end of FY 21, Tier II borrowings stood at ₹ 4,062 crores.

MOVEMENT IN INTEREST COST

The company maintained its strategy of reducing interest cost without compromising ALM requirements. This was achieved by selecting an appropriate sourcing strategy, in response to the uncertain market conditions. The mix of borrowings was increased in favour of market borrowings and regarding bank borrowings, the focus was to increase borrowings against Priority Sector Assets at competitive rates. As a percentage of average borrowings, interest cost stood at 7.6% in FY 21 as compared to 8.5% in FY 20. This significant cost reduction was the result of successful negotiation of lower interest rates at the time of reset of interest rates on loans which were linked to MCLR and other market bench marks.

Seizing the opportunity that presented itself in the last quarter of FY 21, securitisation of ₹ 1,577 crores was done at competitive rates resulting in significant savings of interest costs. The benefits of the low interest cost on these deals will continue to accrue to the company in subsequent financial years.

CAPITAL ADEQUACY RATIO (CAR)

As at the end of FY 21, the capital adequacy ratio stood at 19.1% (Tier I: 15.2% and Tier II: 3.9%).

INVESTMENTS

The company's investments of ₹ 1,619 crores include investments in G-sec of ₹ 1,545.90 crores, 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 10% from ₹ 29,091 crores in FY 20 to ₹ 26,043 crores in FY 21. The AUM for the company grew by 14% (Y-o-Y) and the growth of on-balance sheet assets was 16%. The business AUM (including on book and assigned net of provisions) in FY 21 grew by 16% and stood at ₹ 69,996 crores as against ₹ 60,549 crores recorded in FY 20.

Asset quality as on March 2021 represented by stage 3 assets had stood at 3.96% with adequate provision coverage of 44.3% of ECL provision, as against 3.80% last FY with provision coverage of 41.5%. Stage 3 provisions for March 2021 include additional provisions towards macro factors for ₹ 433 crores.

Profit after tax (PAT) for the year ended March, 2021 were at ₹ 1,515 crores after creation of one-time provision of ₹ 566 crores (net of tax - ₹ 420 crores) towards COVID-19 contingencies and macro factors (one time provision). PAT for the year ended March, 2021 were at ₹ 1,935 crores before considering one time provision, as against PAT of ₹ 1,387 crores, on a comparable basis last year, registering a growth of 40%.

Comparable PBT-ROTA for FY 21 before adjusting one-time COVID and macro provisions was at 3.8% for the year as against 3.5% in FY 20.

HUMAN RESOURCES (HR)

FY 2020-2021 has been one of the most challenging and unprecedented year due to the COVID pandemic. This crisis also presented CHOLA an opportunity to re-shape our strategies in our quest to emerge stronger. This situation has brought out major transformation in the way we are hiring, on-boarding, training, and engaging employees. The role of each HR person has demanded a change from being an enabler to business driver. The key HR interventions this year were on the themes of preserving, protecting & building for the future such as

1) Wellness support programs

2) Business Continuity plan put in place.

3 Strengthening & Re-alignment of process to adopt to a new normal.

4) Enabling, engaging & empowering employees

Wellness program: Employee wellness was on top of the chart with on-call counselling support for preserving employee's mental health, exclusive Help Desk for COVID impacted employees and their families, on-call doctor facility, COVID Combat plan, etc. In addition to the existing Life Insurance and Medical insurance cover, all employees and their dependents were extended a negotiated and well covered COVID protection Insurance policy. Frequent Communication drives, publishing of branch functioning SOPs, SOPs for customer visits were enhanced protocols of the year. The Company believes that relentless efforts towards educating and empowering employees have helped in managing the COVID impact to a larger extent.

Business Continuity plan: Leveraging on Chola's digital platforms, work from home facility was quickly put in place in consultation with management. Teams were equipped with work necessities to avoid disruption of services. Immediately after lifting of Lockdown, around 95% of our branches were operational Pan India. Various protocols on work from home, branch operations, sanitization, prevention, and safety measures were communicated periodically.

Strengthening & Re-alignment of process:

- Hiring to exits are now automated and handled through digital platforms.
- There were no job cuts and no compensation re-alignments.
- Around 500 new employees joined the company during the year.
- Regrettable attrition in FY 21 was down by 7% compared to FY 20.
- Annual Salary increments & Performance incentives were rolled out in Q4, to keep employee's morale up.

Enabling, engaging & empowering employees:

Learning Interventions – The pandemic crisis carved a way for huge opportunity to engage employees through various Learning & Development initiatives and build potential for future. Programs on Process Assessment, Behavioural Assessment, Webinars, Business specific Process & Product e-learning Modules, customized training for support functions. Technology solutions like Alt learning, Office – 365 enabled the possibility of reaching out to a wider audience. E-learning content for process & product gave a quick kick start for driving the learning initiatives. Around 82 programs covering around 70% population were rolled out.

TECHNOLOGY INITIATIVES

As a part of the transformation journey, the technology team has been focusing with renewed vigour on delivering seamless digital experience, automation & agility in solution delivery and transitioning to a data-driven enterprise.

From a digital experience perspective, the objective is to engage customers and users across channels while delivering an improved user experience, optimization of data points being provided, API-led mechanism to validate and improve accuracy of data, and ultimately deliver a delightful customer experience. Better user experience is delivered by digitizing any in-person interaction, providing variety of options for digital payments, and transitioning from paper-based activities to appropriate digital alternatives.

During the year, further functional enhancements and technology improvements have been carried out for the Home Loan and Loan Against Property businesses. For Vehicle Finance business, technology integration with manufacturers was designed and deployed to collectively provide improved experience and quicker response spanning lead sharing, in-principle approval, and lead progress update to customers. Similarly, the core VF business related processes are undergoing technology-led transformation to launch a scalable digital platform. Using service integrations to validate the person (identity / KYC, contact detail validation etc.), financial (financial statement analysis and validation etc.), and transactional (bank accounts, ACH mandate, wallets etc.) aspects of the digitization, the platform aims to deliver a high-quality experience irrespective of whether someone is a long-time customer or a first-time borrower.

For the customers, irrespective of their stage of lifecycle with the organization, technology solutions ranging from chatbot to mobile applications are deployed to engage them across channels. Chatbot-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.

Automation continues to be a key initiative and tools are deployed for automation of repetitive activities across functions wherever opportunity presents. Similarly, the usage of such tools within the function is also increasing covering areas like automated data health checks, continuous integration and build, and smarter application & infrastructure monitoring.

Significant progress has been made on the enterprise data repository built with the setup of a cloud-based environment to handle vast volumes of data from transactional systems as well as non-system sources. While supporting varying data types and formats, both relational and non-relational, the platform also provides stakeholders dashboards on critical business parameters, view of the operational metrics for the business processes, and ability to drive corrective actions based on access to real-time information. This coupled with role-based and row-level access control mechanisms ensure broader access to data for users within the organization but in a controlled and secure manner.

The technology team has also undertaken conscious steps related to environmental impact of technology and related energy consumption. With a clear focus on sustainability, a well defined e-waste policy ensures that disposal of e-waste is carried out only through authorized e-waste vendors. Similarly, optimal energy usage has been driven through infrastructure consolidation and adoption of efficient compute technologies.

Given the expanding digital footprint, strong and robust cyber security management and related processes are being put in place. This includes appropriate security standards for endpoints, servers, and network equipment and execution of comprehensive vulnerability assessments and penetration testing to minimize application related threats. The company has conducted awareness on cyber security and user safety guidelines related to data handling, password protection and service access.

There is sustained effort to train and develop skills in critical technology related areas to ensure that the deep domain knowledge & expertise, robust and sustained solution delivery excellence, strong data science & data architecture capability, building scalable and secure cloud-native solutions, and adopting a diligent security-first & cyber risk view of all aspects of technology are seen as key levers to help the digital technology team be well positioned to help drive the organizational transformation.

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,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 centre by constantly engaging with the business and providing key insights into the portfolio based on data driven analysis. 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 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 defence 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 defence. The risk management division has established a comprehensive risk management framework across the business and provides appropriate analysis and reports on risk exposures 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 defence constitutes internal auditors, consultants and statutory auditors, who 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 verification 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, Loan against Property 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 due to 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 can be exposed to interest rate risk and liquidity risk, if the same are 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 also in place to ensure seamless continuity of operations including services to customers and 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 has engaged M/s. Deloitte Haskins & Sells LLP – to 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 executive director.

The internal financial control systems are constantly monitored both by an in-house team as well as the consultants. 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, 2021.

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:

BALANCE SHEET

₹ in crores

Particulars	March 2021	March 2020	Growth %
Assets			
Business Assets	65,839	55,403	19%
Cash & Bank Balances	5,232	6,959	(25%)
Other Assets	3,477	1,641	112%
TOTAL	**74,548**	**64,002**	**16%**
Liabilities			
Net worth	9,560	8,172	17%
Borrowings	59,383	50,374	18%
Securitisation	4,347	4,631	(6%)
Other Liabilities	1,258	825	52%
TOTAL	**74,548**	**64,002**	**16%**

STATEMENT OF PROFIT & LOSS

₹ in crores

Particulars	March 2021	March 2020	Growth %
Disbursements	**26,042.63**	**29,091.17**	**(10%)**
Income	9,519.62	8,652.89	10%
Cost of Funds	(4575.91)	(4,592.23)	0%
Net Margin	**4,943.71**	**4,060.66**	**22%**
Operating Expenses	(1,583.44)	(1,577.60)	0%
Provisions and Losses	(1,321.83)	(897.33)	47%
Profit Before Tax (PBT)	**2,038.44**	**1,585.73**	**29%**
Current and Deferred Tax	(525.53)	(533.36)	(2%)
Profit After Tax (PAT)	**1,514.91**	**1,052.37**	**44%**

KEY RATIOS

Particulars	March 2021	March 2020
Return on Equity - PAT	16.9%	15.2%
Return on Total Assets - PAT	2.2%	1.8%
Assets under Management (₹ in crores)	76,518	66,943
Earnings Per Share - Basic (in ₹)	18.48	13.37
Market Price - as of 31 March (in ₹)	558.8	152.95
Market Capitalisation - as of 31 March (₹ in crores)	45,824	12,535
CAR	19.1%	20.7%
Operating Expenses to Assets	2.3%	2.6%
Profit Before Tax to Income	21.4%	18.9%

CONSOLIDATED RESULTS

The consolidated profit after tax for the year under review was ₹ 1,520.86 crores in FY 21, as against ₹ 1,053.72 crores in FY 20.

On behalf of the board

Place : Chennai
Date : 7 May, 2021

Vellayan Subbiah
Chairman

Report on Corporate Governance

Corporate governance is about commitment to values and ethical business conduct. It is also about how an organization 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 recognizes 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 recognizes 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 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 regulation 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, risk, compliance and technology. The directors are appointed 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 & Risk	
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. Vellayan Subbiah	Finance, Strategy, planning, governance & risk, technology, management and leadership
Mr. N. Ramesh Rajan	Finance, governance & risk, management and leadership
Mr. Ashok Kumar Barat	Finance, strategy, planning and marketing, governance & risk, management and leadership
Ms. Bhama Krishnamurthy	Finance, governance & risk, management and leadership
Mr. Rohan Verma	Technology, strategy, planning and marketing, management and leadership
Mr. M.A.M. Arunachalam	Management and leadership, governance & risk, strategy, planning and marketing
Mr. Anand Kumar	Finance, strategy, planning and marketing, governance & risk, management and leadership
Mr. Bharath Vasudevan	Finance, technology, strategy, planning and marketing, governance & risk, management and leadership
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 *(weblink: https://www.cholamandalam.com/files/media/Familiarisation-programme-imparted-to-Independent-Directors.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, 2021, 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. Vellayan Subbiah	Non-executive / Promoter director / Chairman	9(2)	Nil	5(1)
Mr. N. Ramesh Rajan	Non-executive / Independent director	4(1)	Nil	4(3)
Mr. Ashok Kumar Barat	Non-executive / Independent director	8	Nil	7(4)
Ms. Bhama Krishnamurthy	Non-executive / Independent director	8	Nil	7
Mr. Rohan Verma	Non-executive / Independent director	3(1)	Nil	1
Mr. M.A.M. Arunachalam	Non-executive / Promoter director	10(2)	65,000	7(2)
Mr. Anand Kumar	Non- executive / Independent director	4	Nil	Nil
Mr. Bharath Vasudevan	Non-executive / Independent director	1	Nil	Nil
Mr. Ravindra Kumar Kundu	Executive Director	3	1,16,635	1

* for the purpose of directorship / committee membership, all public / 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, 2021 are given below:

Name of the director	Name of the listed entity	Category of directorship
Mr. Vellayan Subbiah	SRF Limited	Independent Director
	Tube Investments of India Limited	Managing Director
	Cholamandalam Financial Holdings Limited	Non-executive Director
	Shanthi Gears Limited	
	CG Power and Industrial Solutions Limited	Non-executive Director / Chairman
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	
	Huhtamaki India Limited	
Ms. Bhama Krishnamurthy	Reliance Industrial Infrastructure Limited	Non-executive / Independent Director
	CSB Bank Ltd.	
	Network 18 Media & Investments Limited	
	Thirumalai Chemicals Limited	
Mr. Rohan Verma	-	-
Mr. M.A.M. Arunachalam	Tube Investment of India Limited	Non-executive Director / Chairman
	Coromandel Engineering Company Limited	Non-executive Director
	CG Power and Industrial Solutions Limited	
	Shanthi Gears Limited	
Mr. Anand Kumar	Tube Investments of India Limited	Non-executive / Independent Director
Mr. Bharath Vasudevan	-	-
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 on 16 March, 2021 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 3 June, 2020, 30 July, 2020, 29 October, 2020, 11 November, 2020, 29 January, 2021, 16 March, 2021 and 23 March, 2021. 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. During the year, in view of the travel restrictions and health hazards due to COVID-19 pandemic, option to attend the board and committee meetings through video conferencing facility were provided to directors to participate from their remote locations.

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 / executive 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. During the year, the Board had accepted all recommendations of the Committees. 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 transactions with related parties 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, 2021 the committee comprised of three non-executive independent directors and one non-executive director. The committee comprised of Mr. N. Ramesh Rajan, independent director as the chairman, Mr. Ashok Kumar Barat, Ms. Bhama Krishnamurthy and Mr. M.A.M. Arunachalam, as its members and Mr. Vellayan Subbiah, chairman of the board, Mr. Rohan Verma, director and Mr. Ravindra Kumar Kundu, executive 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, 2021, the committee comprised Mr. N. Ramesh Rajan, independent director as the chairman, Mr. Vellayan Subbiah and Mr. Ashok Kumar Barat as its members. The majority of the members of this committee are independent directors. The committee had five meetings during the year ended 31 March, 2021.

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. Ravindra Kumar Kundu is the executive director (ED) on the board. The compensation to Mr. Ravindra Kumar Kundu is within the scale approved by the board and shareholders. The elements of compensation comprise a fixed component, performance incentive and employee stock options. The compensation is determined based on the level of responsibility and scales prevailing in the industry. ED is not paid sitting fees for any board / committee meetings attended by him.

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 tenure 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 and periodical review of succession planning for board and 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 ED carry out a self as well as a peer evaluation and the individual committees carry 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 executive director/s:

Details of the remuneration of the managing director and executive director for the year ended 31 March, 2021 are as follows:

₹ in lakhs

Name of the Director	Salary	Allowance	Incentive (provisional)	Perquisites & Contributions	Total
Mr. Arun Alagappan (till 14.02.2021)$	93.31	115.77	89.50	62.35	360.93
Mr. Ravindra Kumar Kundu	82.63	47.66	56.05	33.10	219.44

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.

$ - Resigned as managing director and director of the company with effect from end of day, 14 February, 2021.

Remuneration of non-executive directors

Directors of the company were paid sitting fees 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 during the FY 2021. The details of commission provided / sitting fees paid to non-executive directors for the year ended 31 March, 2021 are as follows:

₹ in lakhs

Name of the director	Commission	Sitting Fees paid	Total
Mr. Vellayan Subbiah	3.86	3.80	7.66
Mr. N. Ramesh Rajan	12.00	9.00	21.00
Mr. Ashok Kumar Barat	10.00	11.10	21.10
Ms. Bhama Krishnamurthy	10.00	8.10	18.10
Mr. Rohan Verma	10.00	4.50	14.50
Mr. M.A.M. Arunachalam	1.70	2.90	4.60
Mr. Anand Kumar	0.44	1.00	1.44
Mr. Bharath Vasudevan	0.44	1.00	1.44
Mr. M.M. Murugappan[@]	6.16	4.10	10.26
TOTAL	**54.60**	**45.50**	**100.10**

@ - Resigned as chairman and director with effect from the close of business hours of 11 November, 2020.

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, 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 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 not received any complaint from the shareholder / debenture holder. There were no investor complaints pending as at 31 March, 2021 and no complaints that were not solved to the satisfaction of shareholders.

Composition & Meetings

As at 31 March, 2021, the committee comprised Mr. Vellayan Subbiah, Mr. Rohan Verma and Mr. Ravindra Kumar Kundu 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, 2021 the committee comprised Mr. Ashok Kumar Barat as the chairman, Mr. N. Ramesh Rajan, Ms. Bhama Krishnamurthy, Mr. M.A.M. Arunachalam and Mr. Ravindra Kumar Kundu as its members and business and functional heads of the company as permanent invitees. The committee held five meetings during the year ended 31 March, 2021.

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 / executive 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, 2021, the committee comprised Mr. Ashok Kumar Barat as the chairman, Mr. Rohan Verma and Mr. Vellayan Subbiah as its members. The committee held four meetings during the year ended 31 March, 2021.

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, 2021, the business committee comprised Mr. Vellayan Subbiah as the chairman, Mr. Ashok Kumar Barat and Mr. M.A.M. Arunachalam 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, 2021, the committee comprised Mr. Vellayan Subbiah as the chairman, Ms. Bhama Krishnamurthy and Mr. M.A.M. Arunachalam as its members. The committee held two meetings during the year ended 31 March, 2021.

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. Vellayan Subbiah^	4 (100%)	NA	NA	2	2	NA	1	1	NA
Mr. N. Ramesh Rajan	7 (100%)	5	NA	5	NA	5	NA	NA	Yes
Mr. Ashok Kumar Barat	7 (100%)	5	NA	5	3	5	NA	4	Yes
Ms. Bhama Krishnamurthy	7 (100%)	5	NA	NA	NA	5	2	NA	Yes
Mr. Rohan Verma	6 (86%)	NA	1	NA	NA	NA	NA	4	Yes
Mr. M.A.M. Arunachalam*	3 (100%)	1	NA	NA	2	1	NA	NA	NA
Mr. Anand Kumar#	2 (100%)	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Bharath Vasudevan#	2 (100%)	NA	NA	NA	NA	NA	NA	NA	NA
Mr. Ravindra Kumar Kundu	7 (100%)	NA	NA	NA	NA	1	NA	NA	Yes
Mr. M.M. Murugappan@	4 (100%)	NA	2	3	1	NA	1	NA	Yes
Mr. Arun Alagappan$	5 (100%)	NA	2	NA	1	3	2	3	Yes

^ - Appointed as an additional director effective 11 November, 2020
* - Appointed as an additional director effective from 29 January, 2021
# - Appointed as an additional director effective 16 March, 2021
@ - Resigned as chairman and director with effect from the close of business hours of 11 November, 2020
$ - Resigned as managing director and director of the company with effect from end of day 14 February, 2021

GENERAL BODY MEETINGS

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

Year	Date and Time	Venue
2018	26 July, 2018 at 4.00 p.m.	The Music Academy, New No.168 (Old No.306), T.T.K Road, Royapettah, Chennai - 600 014
2019	30 July, 2019 at 3.30 p.m.	-do-
2020	30 July, 2020 at 3.30 p.m.	Video Conferencing

DETAILS OF SPECIAL RESOLUTIONS PASSED

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

Date of AGM	Details
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
30 July, 2020	- Issue of securities on private placement basis under section 42 of the Act

POSTAL BALLOT

No postal ballot was conducted during FY 21.

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, 2021, 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. Ravindra Kumar Kundu, executive director 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

Executive 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, 2021, 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	99.03
Other fees paid to Batliboi & affiliates firms and to entities of the network of which the statutory auditor is a part	19.93
Total fees*	**118.96**

*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 : 7 May, 2021

Vellayan Subbiah
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 31 March, 2021, as envisaged in schedule V under regulation 34 (3) of the Listing Regulations.

Place : Chennai
Date : 7 May, 2021

Ravindra Kumar Kundu
Executive 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 2021 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.	01138759	Vellayan Subbiah	Non-Executive - Chairman	11/11/2020
2.	00492930	Ashok Kumar Barat	Non-Executive - Independent Director	31/10/2017
3.	01628318	N. Ramesh Rajan	Non-Executive - Independent Director	30/10/2018
4.	01797489	Rohan Verma	Non-Executive - Independent Director	25/03/2019
5.	02196839	Bhama Krishnamurthy	Non-Executive - Independent Director	31/07/2019
6.	00202958	M.A.M. Arunachalam	Non-Executive - Director - Additional Director	29/01/2021
7.	00818724	Anand Kumar	Non-Executive - Independent Director - Additional Director	16/03/2021
8.	09104808	Bharath Vasudevan	Non-Executive - Independent Director - Additional Director	16/03/2021
9.	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 : F004775C000249767

Place : Chennai
Date : May 7, 2021

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, 2021. 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, 2021.

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: F004775C000249756

Place : Chennai
Date : May 7, 2021

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, 2021	3.30 p.m.	The annual general meeting (AGM) will be held through video conference in compliance with general circular numbers 20/2020 read with 02/2021 and all other applicable guidelines 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.

DATES OF BOOK CLOSURE

Monday, 26 July, 2021 to Friday, 30 July, 2021 (both days inclusive).

DIVIDEND PAYMENT DATE

The board at its meeting held on 29 January, 2021 had approved payment of interim dividend on the equity shares for the year ended 31 March, 2021 at the rate of 65% (₹ 1.30 per equity share of ₹ 2 each) and fixed the record date as 10 February, 2021. The dividend was paid to all the shareholders by 25 February, 2021.

The board at its meeting held on 7 May, 2021 has further recommended payment of final dividend of 35% (₹ 0.70 per equity share of ₹ 2 each), for the year ended 31 March, 2021. The same will be paid within 30 days upon declaration by the shareholders at the ensuing annual general meeting.

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

Debt Securities:

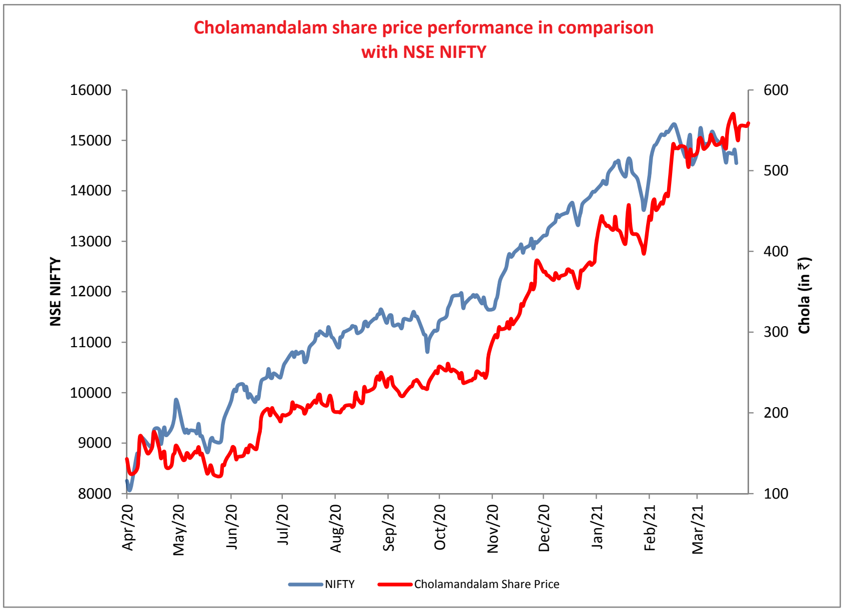
Debt securities are listed in the Wholesale Debt Market (WDM) Segment of NSE and F - Class Segment of BSE Limited.

Payment of Listing fees

The listing fees for equity shares for FY 21 were paid to the above stock exchanges.

SHARE PRICE DATA

Month	BSE Limited			National Stock Exchange of India Limited		
	High (in ₹)	Low (in ₹)	Vol.	High (in ₹)	Low (in ₹)	Vol.
April, 2020	177.40	124.65	64,42,924	176.60	124.65	17,20,396
May, 2020	158.35	122.15	1,11,45,897	159.45	122.10	18,98,719
June, 2020	206.20	142.65	2,47,04,465	205.95	141.70	30,79,533
July, 2020	222.45	196.70	1,26,56,621	222.55	189.40	18,41,492
August, 2020	249.75	200.65	76,09,236	249.75	200.55	14,31,740
September, 2020	251.75	220.90	64,01,567	251.80	220.55	11,48,164
October, 2020	273.10	236.95	36,22,240	261.00	237.25	12,25,336
November, 2020	389.50	292.75	36,60,750	360.20	273.25	16,95,380
December, 2020	387.85	354.50	40,58,638	388.70	354.85	15,63,186
January, 2021	457.55	397.30	53,30,965	457.45	387.65	17,19,045
February, 2021	531.55	439.15	62,69,145	532.75	397.85	18,71,383
March, 2021	570.55	522.15	36,93,896	570.40	518.90	12,95,123



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. 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 | Toll Free No.: 18003094001| Fax No: 040-2342 0814
Email: einward.ris@kfintech.com | Website: www.kfintech.com or https://ris.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 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, 2021 99.88% 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 2,296 shareholders holding 0.12% 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, electronic copies of the notice of the AGM and annual report for FY2021 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, there was no investor service complaints were received. No investor service complaint was pending as at 31 March, 2021.

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 | companysecretary@chola.murugappa.com

CREDIT RATING

The credit rating details of the company as at 31 March, 2021 are as follows:

Rating Agency	Term	Type	Rating as on 31 March, 2021	Revisions during the year	Obtained during the year
ICRA	LT	NCD / SD / CC / TL	[ICRA]AA+ with Stable Outlook	NA	NCD MLD - September 8, 2020 NCD - February 8, 2021 LTL/CC - March 22, 2021
	LT	PD	[ICRA]AA with Stable Outlook	NA	PDI - March 2, 2021
	ST	CP / WCDL	[ICRA]A1+	NA	
CRISIL	ST	CP	[CRISIL]A1+	NA	
LT	SD	[CRISIL]AA+ / Stable		NA	
CARE	LT	SD	CARE AA+	NA	
	LT	PD	CARE AA	NA	
INDIA Ratings and Research Private Ltd	LT	NCD / SD	IND AA+ with Stable Outlook	NA	NCD / SD - December 11, 2020
	LT	PD	IND AA with Stable Outlook	NA	PD - December 11, 2020

Note: 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 with the company for a period of seven consecutive years are transferred from time to time to IEPF. The company has remitted ₹ 1.64 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
2014 - 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
2021 - Interim	29 January, 2021	05 March, 2028

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 81,800 shares pertaining to 108 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 dematerialised and transferred to a folio in the name of unclaimed suspense account. The voting rights of these shares shall remain frozen till the rightful owner of such shares claims the shares.

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	2	950
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	Nil	Nil
5	No. of shareholders and outstanding shares lying in the unclaimed suspense account at the end of the year	2	950

Distribution of Shareholding as on 31 March, 2021

Sl. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 – 500	71,715	79.45	8,386,121	1.02
2	501 – 1000	9,866	10.93	70,92,478	0.86
3	1001 – 3000	5,720	6.34	95,94,654	1.17
4	3001 – 10000	1,902	2.11	1,00,56,503	1.23
5	10001 – 20000	401	0.44	56,93,861	0.69
6	20001 – 100000	367	0.41	1,64,87,484	2.01
7	100001 and above	291	0.32	76,27,24,028	93.01
	TOTAL	**90,262**	**100.00**	**82,00,35,129**	**100.00**

SHAREHOLDING PATTERN

Category (Shares)	As at 31 March, 2021 No. of Shares	% of shareholding
Promoter and promoter group	42,32,97,948	51.62
Foreign Portfolio Investors	13,52,19,517	16.49
Mutual Funds / Trust / Banks / Financial Institutions / AIFs / QIBs	20,04,80,999	24.45
Private Corporate Bodies / NBFCs	58,27,857	0.71
Resident Individuals and others	5,52,08,808	6.73
TOTAL	**82,00,35,129**	**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 1,137 branches across the country.

On behalf of the board

Place : Chennai
Date : 7 May, 2021

Vellayan Subbiah
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: **01.04.2020 - 31.03.2021**
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. **Loan against Property, Home Loans**
   3. **SME Loans**
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: **1,137 branches**
10. Markets served by the company - local / state / national / international: **National**

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid Up capital: ₹ **164.07 crores**
2. Total turnover: ₹ **9,516.01 crores**
3. Total profit after taxes: ₹ **1,514.91 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 31.03.2021 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): 07337155
   2. Name: Mr. Ravindra Kumar Kundu
   3. Designation: Executive Director

(b) Details of the BR head:

SN.	Particulars	Details
1	DIN (if applicable)	**07337155**
2	Name	**Mr. Ravindra Kumar Kundu**
3	Designation	**Executive Director**
4	Telephone number	**044 - 4090 7172**
5	E-mail id	kundur@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. In addition to this, the ESG performance and implementation plans are discussed during Board meetings. The Company understands the need to formalize accountability for ESG related aspects and are in the process of setting up an internal steering committee who will be primarily responsible for implementation of the ESG policy across the company.

(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, we publish a BR annually. *https://www.cholamandalam.com/annual-reports.aspx*.

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. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the senior management and all employees of the Company. The Company adopts highest governance standards and its employees adhere to the Robust "Code of Conduct and Ethics Policy". The employees are also required to comply with relevant legal, regulatory and internal compliance requirements in letter and spirit.

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	1,169	1,177*	0
Shareholder / Debenture holder	0	0	0

*8 pending complaints pertaining to FY 20 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.

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

   However, Chola being a financial service company, has designed its financial lending activities to ensure financial inclusion of various marginalized sections of the society; predominantly in geographies with limited presence of organized financiers.

   Chola's Vehicle Finance business primarily focuses on transport entrepreneurs, first time buyers and first-time users thereby ensuring financial inclusion of various marginalised sections of society. Chola is also present in geographies where there is limited presence of organized financiers thereby providing access to easy and affordable loans even in the remoter parts of the country. A significant portion of the company's loans are extended for "Priority Sector Lending" in line with the Government norms. Most of the customers start as drivers and Chola provides them with access to finance in order to help them acquire their own vehicles. Chola continues to be closely associated with the borrowers in their life journey and product life cycle by providing loans for vehicle acquisition, vehicle maintenance, protection of asset and life by financing insurance and proving loans for working capital management, refinance on assets for meeting exigencies, household expenses, festival, education, family needs etc. Chola has now entered the sphere of financing for electric vehicles to make them more prevalent in the economy and plans to establish its presence in this domain.

   The Company has a strong presence in the road transportation, infrastructure & construction industry and agricultural sector. Chola takes conscious efforts taking due account of environment and social considerations. Having said this, the company does not extend loans and filters out through its board approved credit policies, entities that do not meet certain strict ESG criteria such as no child labor, borrowers lacking in appropriate governance or ethical practices, among others.

   The company emphasises on lending for the purchase of commercial vehicles, tractors, construction equipment, MUV, etc, that add value to the economy and other products like cars, two wheelers which enhance the quality of life and augment the social status of the borrower. The Company is one of the largest financiers in small & medium commercial vehicle segments. Chola is also one of the largest financers of tractors, thus widely contributing to the agricultural sector, thereby boosting the rural economy.

   Chola's SME loans enable people including vegetable owners, salon owners, flour mill owners and micro business owners who may not have banking access to grow their business and thereby enhance their standard of living.

   Chola's LAP division offers secured long-term loans to borrowers also within Micro Small and Medium Enterprise (MSME) community, against their residential or commercial properties. Primary focus of this division is on self-employed non-professionals (Kirana stores, small scale manufacturing units, Retail shops, etc.) who need financial support to either start new business or expand existing businesses. Chola is one of the key players in loan against property business in Indian NBFC space and plays an important role in developing MSME community, thereby contributing positively to the growing Indian economy. Most of the MSME customers are unorganised and have not been catered by formal banks, thus bridging the credit gap faced by them.

   Hence, Chola is enabling people to enter a better life through economic upliftment and social growth.

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. The company's products are structured to focus more towards social aspects.

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. The organization lays emphasis on local hiring, especially since it operates largely in Tier III, IV, V and VI cities it helps to connect with customers better and also contribute to the employability in the local area.

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 - **7,620**
2. Please indicate the total number of employees hired on temporary/contractual/casual basis - **0**
3. Please indicate the number of permanent women employees - **228**
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 organization continuously strives towards establishing a safe working culture by imparting various programs. Chola has a dedicated Environment Health and Safety team which is committed to maintaining highest standards of health, safety and wellbeing of employees. 15 Live webinar programs in association with external agencies for employees and their family members have also been organized, with a focus on creating awareness on various health issues and ways to handle COVID. The company has also designed processes and practices during the year to ensure interaction with the employees on a periodic basis to check on their safety and also to educate on precautions to be taken. This is being carried out through one on one calls, mailers and posters.

   For the purpose of uplifting employee's mental health during the lockdown period, various virtual engagement programs and celebrations were organized. Around 1,500 employees and their family members actively participated in the programs. The company also rolled out various behavioural and emotional programs as it has been wading through the Pandemic reflecting its commitment towards keeping welfare of the employees at priority.

   The organization also conducts various awareness training sessions. One such program includes Chola's road safety training module which was developed based on Indian road accident pattern as a pilot in North zone, with a purpose of bringing awareness and prevent accidents.

   To reach greater heights and improve the productivity, various specialized programs were organized for employees. Around 4,400 employees attended these training programs to enhance their skills.

   Various other behavioural and process related training were also organized for employees to enhance the productivity, process improvements and interpersonal skills. In order to upgrade the skillset, employees were also introduced to coaching clinics in order to focus on new techniques and excel in their roles.

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.

   The Company has set up 89% of its branches in Tier-III, Tier-IV, Tier V and Tier-VI towns ensuring financial inclusion of vulnerable sections of the society who are also first time buyers and first time users. Chola believes that affordable and appropriate access to financial services is a key driver of economic growth, poverty alleviation and prosperity. Access to formal finance can boost job creation, reduce vulnerability to economic shocks and increase investments in human capital for the less aware communities.

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.

   The Company initiatives on improving accessibility to finance are covered in point 2 above. Further to this, Chola also has a CSR Committee in place which works on strategies to include expectations of different stakeholders including customers & communities who are at the bottom of the social pyramid. The company initiates various projects through their CSR initiatives for the upliftment of the stakeholders. The major focus areas of CSR at Chola include:

   1. Healthcare

   2. Access to education & rural sports.

   3. WASH (Water, Sanitation and Hygiene)

   4. Environmental Sustainability

   5. Rural Development

   6. Promoting Arts, Culture and Heritage

   7. Supporting Senior Citizens

   8. Holistic Development of Marginalized Communities of the transport Sector

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. Human rights are a matter of great importance at Chola. The Company appreciates that human rights are inherent, universal, indivisible and interdependent in nature. Care is taken to integrate respect for human rights in the management systems, wherever applicable, in particular through assessing and managing human rights impacts of operations. Access to Grievance redressal mechanisms set up for all individuals impacted by the business is provided. The Company recognizes and respects the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups and the business units within their sphere of influence, endeavour to promote the awareness and realization of human rights across their value chain and will not complicit with human rights abuses by a third party.

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 1169 customer complaints during the financial year. 99.40% customer complaints were resolved satisfactorily by the management as on 31 March 2021. These are actively reviewed and monitored on a monthly basis by a customer grievance redressal committee under the chairmanship of executive director. The Board also reviews the customer complaints on a quarterly basis.

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 ESG policy is applicable only to the company as of now. The company's ESG policy highlights important aspects of its responsibility towards environment protection. This is backed by Chola's commitment to support businesses that have environment friendly business practices. Chola is also on its journey towards digitalizing all its systems aiming at resource efficiency (paper conservation) at all its office branches. Going forward, the organization aims to develop policies that support sustainable development in every aspect. In most of the office premises, measures such as water conservation, electricity saving and reducing emissions are effective. Company has stringent systems in place for disposal of e-waste in all its branches. Chola has partnered with authorized vendors to ensure effective disposal and management of e-waste. The company is also in the process of improving energy efficiency practices within the office premises. Chola actively supports micro businesses in the Renewable energy sector, who make spare parts or are part of value chain of renewable energy components, ensuring that its products benefit the larger environment. Chola will be extending this policy to its subsidiaries also in the near future.

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.

   Yes. Chola's efforts on environmental sustainability are primarily inclined towards the protection of endangered species of birds and rare animals. *https://www.cholamandalam.com/community-relations.aspx*

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.:

   Yes, in considering long-run planning, reduction of risk, and conservation of resources in administrative planning, sustainability has a significant contributory role. Chola aims to develop policies that support sustainable development in all its products and services. Measures such as water conservation, energy saving and reducing emissions are effective at all office branches. The company also has systems and processes in place to effectively manage e -waste.

   In addition, Chola has adopted a holistic approach with an aim to develop sustainable buildings. The proposed office building in Guindy is being developed under the guidance of a Green consultant and will be along the lines of a Green Building. Chola is paving its way to becoming one among the leading finance companies to get all their processes on a digital platform. Chola also supports micro businesses in the Renewable energy sector, who make spare parts or are part of value chain of renewable energy components ensuring responsible business.

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. 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 21 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.

   There were no customer complaints 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 are measured. Customer satisfaction is one of the key focus areas at Chola, and the company regularly takes their feedback to improve its systems and processes. Over the years, the customer satisfaction survey has yielded positive results. Every branch has a strategy manager or a zonal manager who deals with customer care personally.

   In addition to this, the company also strives to incorporate feedbacks from its dealership partners to improves their processes and services.

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 2021, 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, 2021, 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 of the 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, 2021. 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)*	
As at March 31, 2021, the Company has made a provision for impairment loss aggregating ₹ 2,44,441 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.	• Read and assessed the Company's impairment provision policy and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13 March 2020.

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Financial instruments, which include loans to customers, represent a significant portion of the total assets of the Company. The Company has loans aggregating ₹ 68,28,375 lakhs as at March 31, 2021. Estimates regarding the impairment provision against loans are based on the expected credit loss model developed by the Company based on the guiding principles prescribed under Ind AS 109. As stated, in the notes to the financial statements for the year ended March 31, 2021, 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 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 provisioning under the ECL approach. Note 3.5 to the Standalone Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.	• Read and assessed the Company's policy with respect to moratorium and one-time restructuring pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • 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; • Obtained an understanding of the Company's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures; • Tested the ECL model, including assumptions and underlying computation. • 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 and tested the inputs 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; • Performed 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	
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.	In assessing the reliability of electronic data processing, we involved our specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting:

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
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.	• 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.
Pending litigations with tax authorities *(as described in Note 38(a) of the Standalone Ind AS Financial Statements)*	

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, 2021 the Company has an amount of ₹ 66,928 Lakhs pertaining to various pending tax litigations.
 	
Ind AS 37 requires the Company 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:
	  • Reading communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management;
	  • Testing 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 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.

Independent Auditor's Report (Contd.)

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, 2021 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls with reference to 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, 2021 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. The Company has made provision, 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 Aravind K
Partner
Membership Number: 221268
UDIN: 21221268AAAACQ3684
Place of Signature: Chennai
Date: May 7, 2021

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 land 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 Sections 185 of the Act have not been complied by the Company and in our opinion, provisions of Section 186 of the Act are not applicable to the Company.

(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.

(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 lakhs

Name of the statute	Nature of dues	Amount*	Period to which the amounts relate	Forum where the dispute is pending
Income Tax Act, 1961	Tax and interest	21,898	1990-91, 1991-92, 2009-10 & 2010-11	Income Tax Appellate Tribunal
		1,505	2010-11,2011-12, 2012-13 & 2016-17	ITAT
		6,746	2013-14 to 2015-16 & 2017-18	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

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

₹ in lakhs

Name of the statute	Nature of dues	Amount not deposited	Period to which the amounts relate	Forum where the dispute is pending
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	1995-96	High Court of Madras
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.

(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 to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(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 Aravind K
Partner
Membership Number: 221268
Place of signature: Chennai
Date: May 7, 2021

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

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 with reference to Standalone Ind AS financial statements of Cholamandalam Investment and Finance Company Limited ("the Company") as of March 31, 2021 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 ("ICAI"). 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 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 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 with reference to these Standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Ind AS financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these Standalone Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Ind AS Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 reflect the transactions and dispositions of the assets

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

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 With Reference to Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to Standalone Ind AS financial statements and such internal financial controls with reference to Standalone Ind AS financial statements were operating effectively as at March 31, 2021, 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 ICAI.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: **01049W/E300004**

per Aravind K
Partner
Membership Number: 221268
Place of Signature: Chennai
Date: May 7, 2021

Standalone Ind AS Balance Sheet As at March 31, 2021

₹ in lakhs

	Note No.	As at March 31,2021	As at March 31,2020
ASSETS			
Financial Assets			
Cash and Cash Equivalents	5	1,55,370	3,46,188
Bank balances other than Cash and Cash Equivalents	6	3,67,818	3,49,722
Derivative financial instruments	7	4,587	11,420
Receivables	8		
i) Trade Receivables		2,031	2,176
ii) Other Receivables		4,612	3,698
Loans	9	65,83,934	55,40,273
Investments	10	1,61,882	7,292
Other Financial Assets	11	56,278	41,327
		73,36,512	**63,02,096**
Non- Financial Assets			
Current tax assets		14,615	15,208
Deferred tax assets (Net)	12	76,380	52,083
Investment property	13	13	14
Property, Plant and Equipment	14	20,302	25,599
Intangible assets under development		982	1,026
Other Intangible assets	15	1,645	1,747
Other Non-Financial Assets	16	4,393	2,466
		1,18,330	**98,143**
TOTAL ASSETS		**74,54,842**	**64,00,239**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	7	12,742	-
Payables			
(I) Trade payables			
i) Total outstanding dues of micro and small enterprises	33	-	70
ii) Total outstanding dues of creditors other than micro and small enterprises		23,601	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		20,492	9,949
Debt securities	17	12,35,767	7,32,683
Borrowings(Other than Debt Securities)	18	47,18,226	43,27,308
Subordinated Liabilities	19	4,19,006	4,40,552
Other Financial Liabilities	20	49,217	38,621
		64,79,051	**55,69,403**
Non-Financial Liabilities			
Current tax Liabilities		4,225	-
Provisions	21	10,958	9,076
Other Non-Financial Liabilities	22	4,577	4,576
		19,760	**13,652**
Equity			
Equity share capital	23A	16,407	16,398
Other Equity	23B	9,39,624	8,00,786
		9,56,031	**8,17,184**
TOTAL LIABILITIES AND EQUITY		**74,54,842**	**64,00,239**

The accompanying notes are integral part of the Standalone Ind AS financial statements

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

per **Aravind K**
Partner
Membership No: 221268

Date : May 7, 2021
Place : Chennai

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

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Standalone Ind AS Statement of Profit and Loss for the year ended March 31, 2021

₹ in lakhs

	Note No.	Year ended March 31,2021	Year ended March 31,2020
Revenue from Operations			
- Interest Income	24A	9,22,416	8,12,416
- Net gain on derecognition of financial instruments under amortised cost category		-	24,727
- Fee Income	24B	20,685	18,987
- Net gain on fair value change on financial instruments	24C	463	1,563
- Sale of Services	24D	8,037	7,570
Total Revenue from operations (I)		**9,51,601**	**8,65,263**
Other Income (II)	25	361	26
Total Income (III) = (I) + (II)		**9,51,962**	**8,65,289**
Expenses			
- Finance costs	26	4,57,591	4,59,223
- Impairment of financial Instruments	27	1,32,183	89,733
- Employee benefits expense	28	74,936	65,500
- Depreciation and amortisation expense	13, 14 & 15	9,830	10,754
- Other expenses	29	73,578	81,506
Total Expenses (IV)		**7,48,118**	**7,06,716**
Profit before tax (V) = (III) - (IV)		**2,03,844**	**1,58,573**
Tax expense/(benefit)			
Current tax		75,086	56,732
- Adjustment of tax relating to earlier periods		394	-
Deferred tax	12	(23,127)	(3,396)
Net tax expense (VI)		**52,353**	**53,336**
Profit for the period - A = (V) - (VI)		**1,51,491**	**1,05,237**
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)	35	(127)	(499)
Income tax impact		32	125
ii)Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve	42.8	(4,521)	(9,232)
Income tax impact		1,138	3,261
Other comprehensive income/(loss) net of tax for the period (B)		**(3,478)**	**(6,345)**
Total comprehensive income net of tax for the period (A + B)		**1,48,013**	**98,892**
Earnings per equity share of ₹ 2 each	30		
- Basic (₹)		18.48	13.37
- Diluted (₹)		18.45	13.35

The accompanying notes are integral part of the Standalone Ind AS 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 **Aravind K**
Partner
Membership No: 221268

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

Date : May 7, 2021
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Standalone Ind AS Statement of Changes in Equity for the year ended March 31, 2021

₹ in lakhs

a) Equity Share Capital

Balances as on April 01, 2019	15,643
Add: Issue of share capital	755
Balances as on March 31, 2020	**16,398**
Add: Issue of share capital	9
Balances as on March 31, 2021	**16,407**

b) Other Equity (Refer Note 23B)

₹ 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	Equity instruments through other comprehensive income	Effective portion of cashflow hedge	
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**
Profit for the year	-	-	-	-	-	-	1,51,491	-	-	-	**1,51,491**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(95)	-	-	-	**(95)**
Total comprehensive income for the period, net of income tax	-	-	-	-	-	-	-	-	-	(3,383)	**(3,383)**
Dividend including Tax	-	-	-	-	-	-	(10,656)	-	-	-	**(10,656)**
Changes during the year	(10)	-	-	-	927	136	-	428	-	-	**1,481**
Transfer to reserves from retained earnings during the year	-	31,000	-	-	-	75,000	(1,06,000)	-	-	-	-
Balance as at March 31, 2021	**-**	**1,59,046**	**4**	**3,300**	**2,86,605**	**3,73,913**	**1,24,021**	**3,445**	**(129)**	**(10,581)**	**9,39,624**
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 Tax	-	-	-	-	-	-	(20,032)		-	-	**(20,032)**
Changes 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**

The accompanying notes are integral part of the Standalone Ind AS financial statements

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

per **Aravind K**
Partner
Membership No: 221268

Date : May 7, 2021
Place : Chennai

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

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Standalone Ind AS Cash Flow Statement for the year ended March 31, 2021

₹ in lakhs

Particulars	Year ended March 31, 2021		Year ended March 31,2020	
Cash Flow from Operating Activities				
Profit Before Tax		**2,03,844**		**1,58,573**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	9,830		10,754	
Impairment of financial instruments	1,32,183		89,733	
Finance Costs	4,57,591		4,59,223	
Loss on Sale of Property plant and equipment (Net)	54		13	
Net gain on fair value change in financial instrument	(463)		(1,563)	
Interest Income on bank deposits and other investments	(34,694)		(24,285)	
Interest on Income Tax Refund	(336)		-	
Share based payment expense	561		1,153	
		5,64,726		5,35,028
Operating Profit Before Working Capital Changes		**7,68,570**		**6,93,601**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
Loans	(11,75,844)		(8,03,568)	
Trade receivables	(769)		(1,525)	
Other Financial Assets	(14,951)		(27,816)	
Other Non Financial Assets	(1,927)	(11,93,491)	(161)	(8,33,070)
Proceeds from de-recognition of financial assets recognised at amortised cost		-		4,35,789
Increase/(Decrease) in operating liabilities & provisions				
Payables	13,728		(3,895)	
Other Financial liabilities	13,727		5,367	
Provisions	1,882		1,674	
Other Non Financial liabilities	1	29,338	(820)	2,326
Cash Flow used in Operations		**(3,95,583)**		**2,98,646**
Finance Costs paid	(4,54,564)		(4,71,542)	
Interest Received on Bank Deposits and other investments	35,399		21,575	
		(4,19,165)		(4,49,967)
		(8,14,748)		(1,51,321)
Income tax paid (Net of refunds)		(70,326)		(57,301)
Net Cash Used in Operating Activities (A)		**(8,85,074)**		**(2,08,622)**
Cash Flow from Investing Activities				
Purchase of Property, plant and Equipment and Intangible Assets	(3,111)		(6,815)	
Proceeds from Sale of Property, plant and equipment.	150		108	
Movement of Investment (net)	(1,54,127)		1,563	
Net Cash Used in Investing Activities (B)		**(1,57,088)**		**(5,144)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		936		1,19,584
Payment of Lease liabilities		(5,544)		(4,800)
Proceeds from issue of Debt securities	18,76,079		19,40,525	
Redemption of Debt securities	(13,75,181)		(26,09,365)	
Proceeds from Borrowing other than debt securities	48,56,670		45,16,459	
Repayment of Borrowings other than debt securities	(44,52,011)		(34,18,400)	

Standalone Ind AS Cash Flow Statement for the year ended March 31, 2021 (Contd.)

₹ in lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Proceeds from issue of subordinated liabilities	14,500	45,000
Repayment of subordinated liabilities	(34,650)	(29,500)
	8,85,407	4,44,719
Investment in Bank Fixed Deposits (net of withdrawals)	(18,800)	(2,93,415)
Dividends Paid (Including Distribution Tax)	(10,655)	(20,027)
Net Cash From Financing Activities (C)	**8,51,344**	**2,46,061**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(1,90,818)**	**32,295**
Cash and Cash Equivalents at the Beginning of the Year	3,46,188	3,13,893
Cash and Cash Equivalents at the End of the Year	1,55,370	3,46,188

The accompanying notes are integral part of the Standalone Ind AS 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 **Aravind K**
Partner
Membership No: 221268

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

Date : May 7, 2021
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, 2021

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 RBI notification on Implementation of Indian Accounting Standards, dated March 13, 2020.

2.2 Impact of Covid-19

The Covid-19 pandemic has affected several countries across the world, including India, Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates has considerably impacted company's business operations during the year ended March 31, 2021.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020.

The impact of COVID-19 pandemic including the ongoing "second wave", on Company's operations and financial metrics, will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications including in respect of Expected Credit Loss (ECL) provisioning, as at March 31, 2021, and has made cumulative expected credit loss provision for loans as on March 31, 2021 which aggregates to ₹ 2,44,441 lakhs (₹1,52,297 lakhs for March 31, 2020). The Company holds a management overlay of ₹ 1,10,024 lakhs as at March31, 2021 (₹ 53,445 lakhs - March 31, 2020) as part of its ECL provision. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

2.3 Presentation of financial statements

The Company 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 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 2020-21.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.4.2 Derecognition of financial assets other than due to substantial modification of terms and conditions

3.4.2.1 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 or more entities, 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

3.4.2.2 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:

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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, unemployment rates etc., as considered relevant so as to determine the impact of macroeconomic factors on the Company's ECL estimates.

The inputs and models used for calculating ECLs are recalibrated periodically through the use of available incremental and recent information. Further, internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably

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 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

Loans which have been renegotiated or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21- Resolution Framework for COVID-19 related Stress and RBI/2020-21/17 DOR. No.BP.BC/4/21.04.048/2020-21- Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances have been classified as Stage 2 due to significant increase in credit risk.

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.

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).

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

3.12 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 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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

*The Company, based on technical assessment made by technical expert and management estimate, depreciates Furniture & Fixtures and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013

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 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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

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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 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.

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.

3.21.3 Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

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 (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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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".

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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

changes its assessment if the whether it will exercise an extension or a termination option.

The Company has opted to present 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 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. Further, the Company also made an investment in the Government securities in order to comply the liquidity ratio compliance as required by RBI pursuant to its master directions. The Company intends to hold these assets till maturity expects that any sale if any necessitated by requirements are likely to be infrequent and immaterial. Accordingly the related assessment becomes a critical judgement to determine the business model for such financial assets under Ind AS. 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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
- 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. Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no significant impact on the consolidated financial statements of the Company.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 5 CASH AND CASH EQUIVALENTS		
Cash on hand	3,179	329
Balances with banks		
- In Current Accounts	1,49,221	61,689
- In Deposit Accounts - Original maturity of 3 months or less	-	2,84,029
Cheques, drafts on hand	2,970	141
Total	**1,55,370**	**3,46,188**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 6 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
- In Deposit Accounts - Original maturity more than 3 months	2,78,758	3,11,805
- In earmarked accounts		
- In Unpaid Dividend Accounts	74	73
- Deposits with Banks as collateral towards securitisation loan	31,978	37,836
- Deposits with Banks as collateral towards Overdraft facility (Refer note18)	57,000	-
- Other Deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**3,67,818**	**3,49,722**

₹ in lakhs

Particulars	As at March 31,2021			As at March 31, 2020		
	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	2,24,373	2,634	914	2,34,373	11,420	-
(ii) Interest rate Swaps	1,40,286	1,953	-	-	-	-
(iii) Forward Contracts	1,40,286	-	11,828	-	-	-
Total Derivative financial Instruments	**5,04,945**	**4,587**	**12,742**	**2,34,373**	**11,420**	**-**
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	2,24,373	2,634	914	2,34,373	11,420	-
(ii) Interest rate Swaps	1,40,286	1,953	-	-	-	-
(iii) Forward Contracts	1,40,286	-	11,828	-	-	-
Total Derivative financial Instruments	**5,04,945**	**4,587**	**12,742**	**2,34,373**	**11,420**	**-**

The Company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises of Currency, Interest Rate Swaps and Forward Contracts. The Company undertakes such transactions for hedging interest/foreignexchange risk on borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

The notional amount for interest rate swap represents the foreign currency borrowing on which Company has entered to hedge the variable interest rate.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 8 RECEIVABLES (Unsecured)		
(i) Trade Receivables		
Considered Good*	2,031	2,176
Subtotal (i)	**2,031**	**2,176**
(ii) Other Receivables		
Considered Good*	4,612	3,698
Subtotal (ii)	**4,612**	**3,698**
Total (i)+(ii)	**6,643**	**5,874**

*Includes dues from related parties (Refer note 37)

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 March 31,2021	As at March 31,2020
Note : 9 LOANS (At amortised cost)		
(A)		
(i) Bills Discounted	13,417	8,598
(ii) Term loans	68,14,958	56,83,972
Total (A) - Gross	**68,28,375**	**56,92,570**
Less: Impairment Allowance for (i) & (ii)	(2,44,441)	(1,52,297)
Total (A) - Net	**65,83,934**	**55,40,273**
(B)		
(i) Secured by tangible assets	67,85,357	56,63,436
(ii) Unsecured	43,018	29,134
Total (B) - Gross	**68,28,375**	**56,92,570**
Less: Impairment Allowance for (i) & (ii)	(2,44,441)	(1,52,297)
Total (B) - Net	**65,83,934**	**55,40,273**

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 equipment.

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:

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Loan - Outstanding Value		
Cholamandalam Securities Limited	-	700
White Data System India Private Limited	340	340
Impairment Allowance		
Cholamandalam Securities Limited	-	1
White Data System India Private Limited*	0	0

* Represents amount less than ₹ 50,000

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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, 2020	5,142	42	3,414	8,598	31	4	3,173	3,208
New assets originated / Increase in existing assets (Net)	9,678	-	430	10,108	57	-	125	182
Exposure de-recognised / matured / repaid	(5,142)	-	(147)	(5,289)	(31)	-	(103)	(134)
Transfer to Stage 3	-	(42)	42	-	-	(4)	4	-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	38	38
Impact of changes on items within the same stage	-	-	-	-	-	-	197	197
Closing as on March 31, 2021	**9,678**	**-**	**3,739**	**13,417**	**57**	**-**	**3,434**	**3,491**
Term loans								
Opening as on April 1, 2020	52,69,032	2,02,024	2,12,916	56,83,972	39,091	23,342	86,656	1,49,089
New assets originated / Increase in existing assets (Net)	24,24,901	15,298	7,604	24,47,803	37,558	6,175	2,704	46,437
Exposure de-recognised / matured / repaid	(11,85,961)	(58,821)	(47,464)	(12,92,246)	(20,163)	(4,486)	(8,028)	(32,677)
Transfer to Stage 1	65,509	(56,814)	(8,695)	-	8,889	(6,055)	(2,834)	-
Transfer to Stage 2	(3,52,885)	3,59,980	(7,095)	-	(8,308)	10,745	(2,437)	-
Transfer to Stage 3	(81,332)	(43,717)	1,25,049	-	(2,120)	(5,357)	7,477	-
Impact on account of exposures transferred during the period between stages	139	10,451	7,862	18,452	112	48,112	34,511	82,735
Impact of changes on items within the same stage	-	-	8,382	8,382	-	-	19,077	19,077
Write off	(14,318)	(5,290)	(31,797)	(51,405)	(1,388)	(1,512)	(20,811)	(23,711)
Closing as on March 31, 2021	**61,25,085**	**4,23,111**	**2,66,762**	**68,14,958**	**53,671**	**70,964**	**1,16,315**	**2,40,950**
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 year between stages (net)	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	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 year between stages	139	682	2,562	3,383	232	14,604	32,867	47,703

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 9.1 LOANS (Contd.)

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
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**

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

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
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	800	800
Vishvakarma Payments Private Limited Acquired 2,100 Equity shares of ₹ 10 each fully paid up for Rs 21,000 in March 2021#	0	-
**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#	-	-
d) Investment in Indian Government Securities - amortised cost (Issued by Government of India)	1,54,590	-
Total	**1,61,882**	**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.

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to Investment at Amortised Cost

₹ in lakhs

Particulars	Gross carrying amount - Stage 1	Impairment allowance - Stage 1
Opening as on April 1, 2020	-	-
New assets originated	1,54,590	-
Exposure matured / repaid	-	-
Closing as on March 31, 2021	1,54,590	-

represents amount less than ₹ 1 lakh.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 11 OTHER FINANCIAL ASSETS		
Unsecured - considered good		
At amortised cost		
Security deposits	2,280	2,409
Other advances	2,945	3,136
Covid Ex-gratia Claim Receivable	9,647	-
Interest only strip receivable	41,406	35,782
Total	**56,278**	**41,327**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 12 DEFERRED TAX		
Deferred Tax Assets		
Impairment allowance for financial instruments	61,472	37,741
Provision for Contingencies and Undrawn commitments	1,120	999
Provision for Compensated Absences and Gratuity	1,792	1,285
Impact of Effective interest rate adjustment on Financial Assets	6,281	7,815
Contract Liability as per IND AS 115	262	413
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	1,145	919
Items recognised in OCI	3,932	2,762
Others	637	573
(A)	**76,641**	**52,507**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	261	424
(B)	**261**	**424**
Net Deferred Tax Assets (A) - (B)	**76,380**	**52,083**

₹ in lakhs

Particulars	Year ended March 31,2021		Year ended March 31,2020	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	(23,731)	-	(5,311)	-
Provision for Contingencies and Undrawn commitments	(121)	-	342	-
Provision for Compensated Absences and Gratuity	(507)	-	(34)	-
Impact of Effective interest rate adjustment on Financial Assets	1,534	-	1,946	-
Contract Liability as per IND AS 115	151	-	582	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	(226)	-	(282)	-
Others	(64)	-	(207)	-
(A)	**(22,964)**	**-**	**(2,964)**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	163	-	432	-
Re-measurement gains / (losses) on defined benefit plans (net)	-	32	-	125
Cashflow Hedge reserve	-	1,138	-	3,261
(B)	**163**	**1,170**	**432**	**3,386**
Net deferred tax charge / (reversal) (A) - (B)	**(23,127)**	**(1,170)**	**(3,396)**	**(3,386)**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 12 DEFERRED TAX (Contd.)

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 financial year 2019-20 and accordingly, had re-measured deferred tax as at April 1, 2019. The re-measurement has resulted in additional tax expense of ₹ 12,845 lakhs in the statement of profit and loss and additional tax benefit of ₹ 172 lakhs in other Comprehensive income for the previous year.

₹ in lakhs

Particulars	Total
Note : 13 INVESTMENT PROPERTY	
Gross carrying amount as at April 1, 2019	**14**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2020	**14**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2021	**14**
Accumulated depreciation and impairment	
Balance as at April 1, 2019	**0**
Depreciation for the year	0
Depreciation on disposals	-
Balance as at March 31, 2020**	**0**
Depreciation for the year	1
Depreciation on disposals	0
Balance as at March 31, 2021**	**1**
Net Carrying amount	
As at March 31, 2020	**14**
As at March 31, 2021	**13**
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, 2021.

** represents amount less than ₹ 1,00,000

Income earned and expense incurred in connection with investment property

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
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 March 31,2021	As at March 31,2020
iv) Fair Value		
Investment Property	304	299

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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, 2021	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5%	304	15
Investment Property As at March 31, 2020	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5%	299	15

₹ in lakhs

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below)		Total
							Owned Assets	Right of Use Assets	
Note : 14 PROPERTY, PLANT AND EQUIPMENT									
Gross carrying amount as at April 1, 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**
Additions	-	1,444	164	77	132	205	-	1,504	3,526
Disposals	-	25	24	6	14	398	-	22	489
Gross carrying amount as at March 31, 2021	**3,956**	**9,593**	**2,924**	**2,464**	**5,013**	**1,780**	**2,305**	**16,342**	**44,377**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2019	**-**	**3,206**	**918**	**1,115**	**1,467**	**414**	**96**	**-**	**7,216**
Depreciation for the year	-	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**
Depreciation for the period	-	1,923	527	288	885	387	43	4,553	8,606
Depreciation on disposals	-	18	13	5	11	214	-	11	272
Balance as at March 31, 2021	**-**	**7,116**	**1,945**	**1,966**	**3,309**	**841**	**166**	**8,732**	**24,075**
Net Carrying amount									
As at March 31, 2020	**3,956**	**2,963**	**1,353**	**710**	**2,460**	**1,305**	**2,182**	**10,670**	**25,599**
As at March 31, 2021	**3,956**	**2,477**	**979**	**498**	**1,704**	**939**	**2,139**	**7,610**	**20,302**
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. 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, 2021

₹ in lakhs

Particulars	Computer Software
Note : 15 INTANGIBLE ASSETS	
Gross carrying amount as at April 1, 2019	**5,082**
Additions	1,340
Disposals	202
Gross carrying amount as at March 31, 2020	**6,220**
Additions	1,133
Disposals	-
Gross carrying amount as at March 31, 2021	**7,353**
Accumulated Amortization and impairment	
Balance as at April 1, 2019	**3,106**
Amortization for the year	1,571
Amortization on disposals	204
Balance as at March 31, 2020	**4,473**
Amortization for the period	1,235
Amortization on disposals	-
Balance as at March 31, 2021	**5,708**
Net Carrying amount	
As at March 31, 2020	**1,747**
As at March 31, 2021	**1,645**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 16 OTHER NON FINANCIAL ASSETS		
Prepaid expenses	1,495	1,422
Capital advances	1,006	109
GST Input Credit	1,816	935
Others	76	-
Total	**4,393**	**2,466**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 17 DEBT SECURITIES (at amortised cost)		
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	9,34,263	5,74,418
Commercial Papers - Unsecured	3,01,504	1,58,265
Total	**12,35,767**	**7,32,683**

All debt securities have been contracted 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, Loan against property, 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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 17 DEBT SECURITIES (at amortised cost) (Contd.)

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 %
		March 31,2021 ₹ in lakhs	March 31,2020 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
5,000	10,00,000	50,000	-	Jul-25	7.92
1,500	10,00,000	15,000	-	Oct-24	6.80
3,000	10,00,000	30,000	-	Jul-24	7.38
1,500	10,00,000	15,000	15,000	Apr-24	8.62
5,850	10,00,000	58,500	-	Feb-24	6.45
5,500	10,00,000	55,000	-	Dec-23	6.10
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,500	10,00,000	15,000	-	May-23	7.50
3,250	10,00,000	32,500	-	Apr-23	6.26
8,000	10,00,000	80,000	-	Mar-23	5.85 to 5.68
3,350	10,00,000	33,500	13,500	Feb-23	5.70 to 7.41
5,900	10,00,000	59,000	10,000	Dec-22	5.48 to 7.98
6,150	10,00,000	61,500	15,000	Nov-22	5.45 to 8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
2,000	10,00,000	20,000	-	Jun-22	7.20
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
2,000	10,00,000	20,000	-	Dec-21	6.93
3,523	10,00,000	35,230	35,230	Sep-21	8.45
3,250	10,00,000	32,500	12,500	Aug-21	6.74 to 8
2,550	10,00,000	25,500	25,500	Jul-21	8.98
4,010	10,00,000	40,100	40,100	Jun-21	8.49 to 8.52
4,100	10,00,000	41,000	-	May-21	6.90
4,770	10,00,000	47,700	47,700	Apr-21	8.09
1,500	10,00,000	-	15,000	Mar-21	8.85
600	10,00,000	-	6,000	Feb-21	9.09
1,350	10,00,000	-	13,500	Jan-21	8.11
3,500	10,00,000	-	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	-	17,500	Oct-20	7.75
2,200	10,00,000	-	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	-	48,000	May-20	8.12 to 8.90
800	10,00,000	-	8,000	Apr-20	8.10 to 9.02
		8,50,490	**4,62,990**		

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
1250	10,00,000	12,500	-	Jul-25	14,61,481	4,61,481
850	10,00,000	8,500	-	Jul-25	13,53,045	3,53,045
500	10,00,000	5,000	5,000	Jan-23	12,54,470	2,54,470
250	10,00,000	2,500	-	Dec-24	12,93,960	2,93,960
350	10,00,000	3,500	-	Oct-24	13,01,025	3,01,025
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	-	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	-	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	-	20,500	May-20	12,63,916	2,63,916
190	10,00,000	-	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	-	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	-	8,000	Apr-20	12,74,682	2,74,682
		43,000	**72,900**			

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Put option

No. of Debentures	Face Value ₹	Balance as at March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		100	**100**			

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 18 BORROWINGS (Other than Debt Securities) at amortised cost		
A) Term Loans		
i) a) From Banks - Secured		
Rupee Loans	35,68,218	32,96,247
Foreign currency Loans	-	11,788
External Commercial Borrowings	2,39,869	2,47,326
b) From Banks - Unsecured		
Short term loans	20,000	-
ii) From Other Parties - Secured		
Financial Institutions - Rupee Loans		
- Rupee Loans	1,72,786	1,63,258
- External Commercial Borrowings	1,37,230	-
Securitisation - Rupee Loans	4,34,452	4,63,131
B) Loan repayable on demand - Secured from Banks - Rupee Loans (Refer Note 6)	1,45,671	1,45,558
Total	**47,18,226**	**43,27,308**
Borrowings within India	43,41,127	40,79,982
Borrowings Outside India	3,77,099	2,47,326

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 18 BORROWINGS (Contd.)

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.

18.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			March 31,2021	March 31,2020
Base Rate / MCLR	< 1year	1	86,250	1,05,833
		2	1,25,016	1,38,750
		3	30,000	57,188
		4	1,78,750	53,334
		8	60,395	60,000
		12	20,000	-
	1 - 2 years	1	1,40,000	92,917
		2	1,92,917	96,667
		4	1,92,949	1,92,084
		8	60,395	60,000
		12	20,000	-
	2 - 3 years	1	33,333	1,30,000
		2	1,22,500	2,48,751
		4	1,61,699	79,582
		8	60,395	60,000
		12	20,000	-
	3 - 4 years	1	10,000	8,333
		2	80,000	1,63,334
		4	1,41,699	60,000
		6	7,796	-
		8	-	60,000
		12	20,000	-
	4 - 5 years	1	5,000	21,665
		2	-	90,000
		3	57,441	-
		4	25,111	40,000
		7	-	9,375
		9	15,000	-
	> 5 Years	1	-	5,000
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	3,85,000	3,37,500
		2	-	-
		3	50,000	-
		4	-	80,000
	1 - 2 years	1	35,000	4,92,500
		2	30,000	-
		3	50,000	18,750
		4	-	72,500
		6	-	12,500
	2 - 3 years	1	70,000	18,750

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

18.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding March 31,2021	Amount outstanding March 31,2020
		2	30,000	30,000
		3	50,000	-
		4	-	72,500
		6	-	12,500
	3 - 4 years	1	-	12,500
		2	-	30,000
		4	-	72,500
		6	-	12,500
	4- 5 years	1	-	-
		2	-	5,000
Rate based on T Bill + Spread	< 1 year	1	48,200	74,400
		2	15,000	32,500
		4	41,667	-
	1 - 2 years	1	41,050	29,400
		2	12,500	-
		4	66,667	25,000
	2 - 3 years	1	25,000	29,400
		2	-	12,500
		3	12,500	-
		4	50,000	-
	3 - 4 years	1	-	-
	4 - 5 years	3	-	-
Fixed Rate	< 1year	1	51,000	-
		2	16,000	12,200
		4	40,400	28,000
		1	20,000	-
	1 - 2 years	2	10,000	6,000
		4	39,400	40,400
		2	43,300	-
	2 - 3 years	4	24,400	39,400
	3 - 4 years	2	55,400	-
		4	-	24,400
	4 - 5 years	2	43,400	12,100
3Months Repo	< 1year	1	42,500	-
		2	15,000	-
		3	3,333	-
		4	82,976	18,000
		8	36,000	-
		12	83,333	-
	1 - 2 years	1	8,333	30,000
		2	15,000	-
		3	3,333	-
		4	49,643	-
		8	36,000	36,000
		12	83,333	-
		1	8,333	-
	2 - 3 years	2	15,000	-
		3	3,334	-

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

18.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding March 31,2021	Amount outstanding March 31,2020
		4	49,643	-
		6	41,667	-
		8	-	36,000
	3 - 4 years	1	10,119	-
		3	3,750	-
		4	37,500	-
Total			**38,50,660**	**35,98,513**
USD 2Y MIBOR + Spread	< 1year	1	-	4,000
	1-2 years	1	7,500	-
USD 3M LIBOR + Spread	< 1year	2	5,202	11,668
	1-2 years	1	-	-
		4	20,807	-
	2-3 years	4	20,807	-
USD 6M LIBOR + Spread	< 1 year	1	-	-
	3 - 4 years	4	20,807	-
	4 - 5 years	4	20,807	-
	>5 Years	9	46,815	-
USD 6M LIBOR + Spread	< 1year	1	36,553	-
	1-2 years	1	1,31,589	37,830
	2-3 years	1	-	1,36,188
	3 - 4 years	1	67,257	-
	4 - 5 years	1	-	69,607
Total			**3,78,144**	**2,59,293**

Details of Securitised loan

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding* March 31,2021	Amount outstanding* March 31,2020
	Less than 1 year		1,75,343	1,58,012
Fixed	1-2 year		1,09,355	1,24,382
(4.9% to 8%)	2-3 year		45,570	54,213
	3-4 year		12,428	15,261
	4-5 year		4,451	5,593
	more than 5 years		12,990	17,222
Total			**3,60,137**	**3,74,683**
	Less than 1 year		6,501	6,753
Floating	1-2 year		6,925	7,928
Base Rate/ MCLR - spread	2-3 year		7,459	8,439
(0.75% to 2.65%)	3-4 year		7,866	9,088
	4-5 year		7,832	9,411
	more than 5 years		37,198	46,706
Total			**73,781**	**88,325**

* 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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

18.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

Particulars	As at March 31,2021	As at March 31, 2020
Note : 19 SUBORDINATED LIABILITIES (at amortised cost)		
Perpetual Debt - Unsecured	1,48,920	1,49,597
Subordinated Debt - Unsecured		
a) Rupee Denominated Bonds	40,684	40,677
b) Other Subordinated Debts	2,29,402	2,50,278
Total	**4,19,006**	**4,40,552**

i) All Subordinated liabilities have been contracted in India except for Rupee denominated bonds.
ii) The Company has not defaulted in the repayment of dues to its lenders.

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		Due date of redemption	Rate of interest %
		March 31,2021 ₹ in lakhs	March 31,2020 ₹ in lakhs		
400	1,00,00,000	40,000	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	Mar-21	11.00
100	10,00,000	-	1,000	Feb-21	11.00
150	10,00,000	-	1,500	Oct-20	11.00
500	10,00,000	-	5,000	Jul-20	10.70
115	10,00,000	-	1,150	May-20	11.00
1,000	10,00,000	-	10,000	Apr-20	11.00
750	10,00,000	-	-	Dec-19	11.50
		2,59,500	**2,79,150**		

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

19.1 Details of Subordinated Liabilities - Contractual principal repayment value (Contd.)

(ii) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt -Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ 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 March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Maturity Date - Perpetual#	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
2000	5,00,000	10,000	-	Mar-31	9.25
900	5,00,000	4,500	-	Nov-30	9.30
1000	5,00,000	5,000	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	Oct-20	12.05
		1,45,170	**1,45,670**		

Company can redeem using Call option on the maturity date with prior approval of RBI.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 20 OTHER FINANCIAL LIABILITIES		
Unpaid dividend	74	73
Advance from customers	5,239	1,758
Security deposits received	80	216
Collections towards derecognised assets pending remittance	18,928	15,955
Lease liability (Refer note 48)	8,905	12,042
Other liabilities	15,991	8,577
Total	**49,217**	**38,621**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 21 PROVISIONS		
Provision for Employee Benefits		
- Compensated Absences	6,508	5,107
	6,508	**5,107**
Other Provisions		
Provision for contingencies and service tax claims (Refer note 39)	4,346	3,838
Provision for expected credit loss towards undrawn commitments (Refer Note 39)	104	131
	4,450	**3,969**
Total	**10,958**	**9,076**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 22 OTHER NON FINANCIAL LIABILITIES		
Income received in advance	1,150	1,712
Statutory liabilities	2,568	1,909
Others	859	955
Total	**4,577**	**4,576**

₹ in lakhs

Particulars	As at March 31,2021		As at March 31,2020	
	Nos.	Amount	Nos.	Amount
Note : 23 A) EQUITY SHARE CAPITAL				
AUTHORISED				
Equity Shares of ₹ 2 each with voting rights	1,20,00,00,000	24,000	1,20,00,00,000	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 with voting rights	82,07,18,899	16,414	82,02,61,529	16,405
		16,414		**16,405**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each with voting rights	82,00,35,129	16,400	81,95,77,759	16,391
Add : Forfeited Shares	6,54,500	7	6,54,500	7
		16,407		**16,398**

a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

₹ in lakhs

	As at March 31,2021		As at March 31,2020	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the period/year (₹10/- each)	81,95,77,759	16,391	15,63,59,113	15,636
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 Holding Company	-	-	93,45,794	187
c) Employees Stock Option (ESOP) Scheme	4,57,370	9	3,11,400	5
Outstanding at the end of the period/ year - ₹2/- each	**82,00,35,129**	**16,400**	**81,95,77,759**	**16,391**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**6,54,500**	**7**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 March 31,2021	As at March 31,2020
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited")- Holding Company	37,28,85,889	37,28,85,889

c) Details of shareholding more than 5% shares in the Company

₹ in lakhs

Equity Shares	As at March 31,2021		As at March 31,2020	
	Nos.	% holding in the class	Nos.	% holding in the class
Cholamandalam Financial Holdings Limited - Holding Company	37,28,85,889	45.47	37,28,85,889	45.50

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 agregating 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 agregating to ₹ 30,000 lakhs to the holding company under on a preferential basis.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 23 B) OTHER EQUITY		
Statutory Reserve (Refer Note a)		
Balance at the beginning of the year	1,28,046	1,06,046
Add: Amount transferred from retained earnings	31,000	22,000
Closing balance at the end of the year	**1,59,046**	**1,28,046**
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	2,85,678	1,66,849
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	927	499
Less: Share issue expenses	-	(921)
Closing balance at the end of the year	**2,86,605**	**2,85,678**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 23 B) OTHER EQUITY (Contd.)

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
General Reserve (Refer Note e)		
Balance at the beginning of the year	2,98,777	2,48,777
Add: Amount transferred from Share Based Payment Reserve	136	-
Add: Amount transferred from retained earnings	75,000	50,000
Closing balance at the end of the year	**3,73,913**	**2,98,777**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the year	3,017	1,861
Addition during the year	564	1,156
Transfer to General reserve	(136)	-
Closing balance at the end of the year	**3,445**	**3,017**
Retained Earnings (Refer Note g)		
Balance at the beginning of the year	89,281	76,450
Profit for the year	1,51,491	1,05,237
Less:		
Dividend		
Equity - Final	-	(8,798)
Equity - Interim	(10,656)	(7,819)
Distribution tax on Equity Dividend	-	(3,415)
Transfer to Statutory Reserve	(31,000)	(22,000)
Transfer to General Reserve	(75,000)	(50,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(95)	(374)
Closing balance at the end of the year	**1,24,021**	**89,281**
Cash flow hedge reserve (Refer Note h)		
Balance at the beginning of the year	(7,198)	(1,227)
Addition	(3,383)	(5,971)
Closing balance at the end of the year	**(10,581)**	**(7,198)**
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	**9,39,624**	**8,00,786**

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.

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 4,57,370 shares. 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 provisions 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.

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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 23 B) OTHER EQUITY (Contd.)

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.

Proposed dividend

The Board of Directors of the Company have recommended a final dividend of 35% being ₹ 0.70 per share on the equity shares of the Company, for the year ended March 31, 2021 (₹ Nil per share - March 31, 2020) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10.

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
REVENUE FROM OPERATIONS		
Note : 24A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
- Bills Discounting	766	721
- Term loans	8,86,956	7,83,449
(b) Bank Deposits		
- under lien	2,147	3,845
- free of lien	26,947	20,440
(C) Others		
- Deposits with Financial Institutions	2,299	3,961
- Investment in Government Securities	3,301	-
Total (A)	**9,22,416**	**8,12,416**
Note : 24B		
(i) Fee Income*		
-Term loans	20,685	18,987
Total (B)	**20,685**	**18,987**
***Services are rendered at a point in time**		
Note : 24C		
Net gain on fair value changes on FVTPL - Realised		
Investment in mutual funds	463	1,563
Total (C)	**463**	**1,563**
Note : 24D		
(i)Sale of Services		
(a) Servicing and Collection fee on Assignment	691	485
(b) Other Service Income	7,346	7,085
Total (D)	**8,037**	**7,570**
Note: Timing of revenue recognition		
Services rendered at a point in time	7,437	6,970
Services rendered over a time	600	600
Total	**8,037**	**7,570**

Details related to services rendered over a time

a) Contract balances

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Contract Liability	1,041	1,641

Contract liability relates to payments received in advance of performance under the contract. Contract liability is 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, 2021

Note : 24 REVENUE FROM OPERATIONS (Contd.)

b) Movement in Contract liability during the period as follows

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Contract liability at the beginning of the period	1,641	2,241
Revenue Recognised during the period	600	600
Contract liability at the end of the period	1,041	1,641

c) Total Revenue from Customer

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Total Revenue from contracts with Customer*	28,722	26,557

*Represents fee income (note 24B) and sale of services (note 24D)

d) Due to Company's nature of business and the type of contracts entered with the customers, there is no 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, 2020)

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 March 31,2021	Year ended March 31,2020
Note : 25 OTHER INCOME		
Interest on Income tax refund	336	-
Rent	25	17
Miscellaneous Income	-	9
Total	**361**	**26**

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 26 FINANCE COST		
Interest on financial liabilities measured at amortised cost		
- Debt securities	74,325	1,01,821
- Borrowings other than debt securities	3,37,970	3,12,331
- Subordinated liabilities	42,835	42,567
Others		
- Bank charges	1,537	1,351
- Interest on lease liability	924	1,153
Total	**4,57,591**	**4,59,223**

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 27 IMPAIRMENT OF FINANCIAL INSTRUMENTS		
Loss Assets Written Off (Net) / disposal of re-possessed assets*	40,066	30,427
Impairment provision- Loans - measured at amortised cost	92,117	59,306
Total	**1,32,183**	**89,733**

* Includes Loss on disposal of repossessed vehicles - ₹ 27,211 lakhs for the year ended March 31, 2021 (₹ 31,314 lakhs - March 31, 2020)

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 28 EMPLOYEE BENEFITS EXPENSE		
Salaries, bonus and commission	69,341	58,419
Contribution to provident and other funds		
-Employees' provident fund	2,953	2,849
-Superannuation fund	337	333
Share based payment Expense	561	1,153
Gratuity expense (Refer note 35)	1,117	962
Staff welfare expenses	627	1,784
Total	**74,936**	**65,500**

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 29 OTHER EXPENSES		
Rent and facility charges	734	1,262
Rates and taxes	2,047	1,114
Energy cost	1,011	1,421
Repairs and maintenance	400	426
Communication costs	2,772	3,050
Printing and stationery	1,233	1,456
Advertisement and publicity expenses	1,267	1,454
Directors fees, allowances and expenses	109	86
Auditors' remuneration (Refer note 32)	80	151
Legal and professional charges	4,083	4,457
Insurance	1,591	1,534
Travelling and conveyance	2,641	5,625
Information technology expenses	3,243	2,424
Loss on sale of property, plant and equipment(Net)	54	13
Recovery charges	26,657	28,959
Corporate social responsibility expenditure (Refer note 29.1)	3,207	2,888
Outsource cost	22,417	23,976
Miscellaneous expenses (Refer note 29.2)	289	1,443
	73,835	81,739
Less : Expenses recovered	(257)	(233)
Total	**73,578**	**81,506**

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
29.1 Details of CSR expenditure		
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013 (A)	3,207	2,887
Amount spent during the year (B)		
(a) Construction/ acquisition of asset	-	-
(b) Others	3,207	2,888
Excess/(shortfall) (A-B)	-	-

None of the CSR projects undertaken by the Company has been fall under definition of "On-going Projects"

There is no amount required to be contributed to specified fund u/s 135(6)

29.2 Donation to Electoral Trust	-	500

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 30

a) Earnings per share

Particulars	Year ended March 31,2021	Year ended March 31,2020
Profit After Tax (₹ in lakhs)	**1,51,491**	**1,05,237**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**1,51,491**	**1,05,237**
Weighted Average Number of Equity Shares (Basic)	81,96,69,366	78,71,82,549
Add: Dilutive effect relating to ESOP	14,30,020	8,80,135
Weighted Average Number of Equity Shares (Diluted)	82,10,99,386	78,80,62,834
Earnings per Share - Basic (₹)	**18.48**	**13.37**
Earnings per Share - Diluted (₹)	**18.45**	**13.35**
Face Value Per Share (₹)	**2.00**	**2.00**

Note:

Earnings per Share calculations are done in accordance with Ind AS 33 "Earnings per Share".

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 31 March 2021 and 2020 is, as follows:

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Accounting profit before tax from continuing operations	2,03,844	1,58,573
Income tax rate of 25.17% (31 March 2020: 25.17%)	51,308	39,913
Effects of:		
Impact of difference in tax base for Donations and CSR Expense	813	324
Share based payment expense – No deduction claimed under tax	141	290
Impact Deduction u/s 80JJA	(28)	(19)
Other Adjustments	119	(17)
Impact of changes to the enacted rate on opening Deferred tax asset	-	12,845
Income tax expense reported in statement of profit and loss	52,353	53,336

The effective income tax rate for 31 March, 2021 is 25.17% (31 March, 2020: 25.17%)

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.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Securitisations		
Carrying amount of transferred assets measured at amortised cost	4,75,242	4,92,803
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,63,916	4,63,131
Fair value of assets	4,76,131	4,85,991
Fair value of associated liabilities	4,37,374	4,65,551
Net position at Fair Value	38,757	20,440

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 March 31,2021	As at March 31,2020
Assignment		
Carrying amount of de-recognised financial asset	4,16,042	5,12,585
Carrying amount of Retained Assets at amortised cost	47,502	55,789

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Assignment		
Gain on sale of the de-recognised financial asset	-	24,727

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 March 31,2021	Year ended March 31,2020
Note : 32 AUDITORS' REMUNERATION		
Statutory Audit	47	47
Audit of Interim financial statements	-	40
Limited Review	16	10
Tax Audit	5	4
Other Services	5	34
Reimbursement of Expenses(incl. input tax credit expensed)	7	16
Total	**80**	**151**
Other services not covered in auditor remuneration in the statement of Profit and Loss		
Fees paid for services in connection with Qualified institutional placement and preferential allotment	**-**	**160**
Reimbursement of Expenses	**-**	**14**

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 2021 and as at 31 March 2020.

The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
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 Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note: 34 a) EXPENDITURE IN FOREIGN CURRENCIES

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Travel	-	3
Membership fees	3	3
Interest on borrowings	12,166	9,837
License fees	173	53
Professional charges	547	349

34 b) REMITTANCES IN FOREIGN CURRENCIES

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Purchase of Computer Equipment	265	1,112
Borrowing origination costs	1,468	2,695

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 ₹ 2,953 lakhs (Previous Year - ₹ 2,849 lakhs) to Provident Fund under Defined Contribution Plan, ₹ 337 lakhs (Previous Year - ₹ 333 lakhs) for Contributions to Superannuation Fund and ₹ 49 lakhs (Previous Year - ₹ 106 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 :

Change in Defined Benefit Obligation and Fair value of Plan assets:

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Defined Benefit Obligation at the beginning of the year	**5,989**	**4,457**
Current Service Cost	1,026	891
Interest Cost	386	326
Remeasurement Losses/(Gains)		
a. Effect of changes in financial assumptions	90	312
b. Effect of experience adjustments	36	165
c. Changes in demographic assumptions	-	-
Benefits Paid	(224)	(162)
Transfer in/out	-	-
Defined Benefit Obligation at the end of the year	**7,303**	**5,989**
Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	4,575	3,481
Expected Returns on Plan Assets	295	255
Employer's Contribution	664	1,023
Benefits Paid	(224)	(162)
Return on plan assets (excluding interest income)	-	(22)
Transfer in/out	-	-
Fair Value of Plan Assets at the end of the year	**5,310**	**4,575**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 35 RETIREMENT BENEFIT (Contd.)

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	5,310	4,575
Defined benefit obligation at the End of the Year	(7,303)	(5,989)
Amount Recognised in the Balance Sheet under Other Payables	**(1,993)**	**(1,414)**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1,026	891
Net interest Expense	386	326
Expected Return on Plan Assets	(295)	(255)
Net Cost recognized in the statement of Profit and Loss	**1,117**	**962**
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	90	312
b) Effect of experience adjustments	36	165
c) Changes in demographic assumptions	-	-
d) Return on plan assets (excluding interest income)	-	22
Net cost recognized in Other Comprehensive Income	**126**	**499**
Assumptions		
Discount Rate	6.25% p.a.	6.45% 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 (2012-14) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 years	6 years
Expected Cash flows over the next (valued on undiscounted basis)		
Within the next 12 months (next annual reporting period)	964	643
Between 2 and 5 years	3,478	2,937
Between 5 and 10 years	3,277	2,782
Beyond 10 Years	3,805	3,363
Total Expected Cash flows	**11,524**	**9,725**

Sensitivity Analysis:

₹ in lakhs

Particulars	March 31,2021		March 31,2020	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis:				
Discount Rate (+/- 1%)	6,869	7,787	5,623	6,394
Salary Growth Rate (+/- 1%)	7,728	6,906	6,347	5,652
Attrition Rate (+/- 50% of attrition rates)	7,117	7,576	5,787	6,253
Mortality Rate (+/- 10% of mortality rates)	7,303	7,303	5,988	5,988

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 ₹ 3,034 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).

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note: 35 RETIREMENT BENEFIT (Contd.)

C) Compensated Absences

Assumptions	March 31,2021	March 31,2020
Discount Rate	6.25% p.a.	6.45% 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 (2012-14) Ultimate

Notes:

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2021.
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 2021, 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.

Loan against property - Loans to customer against immovable property

Home Loans - loans given for acquisition of residential property

Other loans - This includes, 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.

₹ in lakhs

Particulars	Year ended March 31, 2021					
	Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
Revenue from Operations						
- Interest Income	6,93,467	1,44,319	46,679	3,229	34,722	**9,22,416**
- Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	-	**-**
- Fee Income	18,224	2,180	181	89	11	**20,685**
- Net gain on Fair value change on financial instrument	-	-		-	463	**463**
- Sale of Services	7,096	540	401	-	-	**8,037**
- Others	-	-	-	-	-	-
Segment revenue from Operations (I)	**7,18,787**	**1,47,039**	**47,261**	**3,318**	**35,196**	**9,51,601**
Other income (II)	-	-	-	-	361	**361**
Total Segment Income - (I) + (II)	**7,18,787**	**1,47,039**	**47,261**	**3,318**	**35,557**	**9,51,962**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 36 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Year ended March 31, 2021					
	Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
Expenses						
- Finance costs	3,50,978	84,871	20,670	2,493	(1,421)	**4,57,591**
- Impairment of financial Instruments	1,12,792	14,560	5,479	(645)	(3)	**1,32,183**
- Employee benefits expense	61,328	7,692	4,971	695	250	**74,936**
- Depreciation and amortisation expense	8,388	1,039	371	32	-	**9,830**
- Other expenses	61,102	4,940	3,591	165	3,780	**73,578**
Segment Expenses	**5,94,588**	**1,13,102**	**35,082**	**2,740**	**2,606**	**7,48,118**
Segment Profit / (loss) before taxation	**1,24,199**	**33,937**	**12,179**	**578**	**32,951**	**2,03,844**
- Tax expense						**52,353**
Profit for the year						**1,51,491**

₹ in lakhs

Particulars	Year ended March 31, 2020					
	Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
Revenue from Operations						
- Interest Income	6,26,829	1,25,291	29,545	2,438	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	182	35	44	**18,986**
- Net gain on Fair value change on financial instrument	-	-	-	-	1,564	**1,564**
- Sale of Services	6,560	731	278	1	-	**7,570**
Segment revenue from Operations (I)	**6,59,414**	**1,34,205**	**39,249**	**2,474**	**29,921**	**8,65,263**
- Other income (II)	-	-	-	-	26	**26**
Total Segment Income - (I) + (II)	**6,59,414**	**1,34,205**	**39,249**	**2,474**	**29,947**	**8,65,289**
Expenses						
- Finance costs	3,47,457	79,477	16,772	1,528	13,989	**4,59,223**
- Impairment of Financial Instruments	77,581	9,591	2,162	(336)	735	**89,733**
- Employee benefits expense	54,205	6,916	3,781	394	204	**65,500**
- Depreciation and amortisation expense	9,068	992	271	49	374	**10,754**
- Other expenses	68,481	5,610	3,068	502	3,845	**81,506**
Segment Expenses	**5,56,792**	**1,02,586**	**26,054**	**2,137**	**19,147**	**7,06,716**
Segment Profit / (loss) before taxation	**1,02,622**	**31,619**	**13,195**	**337**	**10,800**	**1,58,573**
Tax expense						**53,336**
Profit for the year						**1,05,237**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 36 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
As on March 31, 2021						
Segment Assets	48,93,657	12,71,552	3,72,558	45,828		**65,83,595**
Unallocable Assets					8,71,247	**8,71,247**
Total Assets						**74,54,842**
Segment Liabilities	42,66,080	11,08,484	3,24,780	39,951		**57,39,295**
Unallocable Liabilities					7,59,516	**7,59,516**
Total Liabilities						**64,98,811**
As on March 31, 2020						
Segment Assets	42,15,030	10,53,555	2,44,892	25,758		**55,39,235**
Unallocable Assets					8,61,004	**8,61,004**
Total Assets						**64,00,239**
Segment Liabilities	36,76,874	9,19,037	2,13,624	22,469		**48,31,984**
Unallocable Liabilities					7,51,071	**7,51,071**
Total Liabilities						**55,83,055**

In computing the segment information, certain estimates and assumptions have been made by the Management, which have been relied upon.

As the assets are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not been 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 the entity which has 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
- **Associate :** White Data Systems India Private Limited, Vishvakarma Payments Private Limited (From 30 March, 2021)
- **Key Managerial Personnel:**
  - a. Mr. Arun Alagappan, Managing Director (upto February 14, 2021)
  - b. Mr. D. Arul Selvan, Chief Financial Officer
  - c. Ms. P. Sujatha, Company Secretary
  - d. Mr. Ravindra Kumar Kundu, Executive Director (From January 23, 2020)
- **Non-Executive Directors**
  - a) Ms. Bharati Rao (up to July 30, 2019)
  - b) Mr. Ashok Kumar Barat
  - c) Mr. M.M. Murugappan (upto November 11, 2020)
  - d) Mr. N. Ramesh Rajan
  - e) Mr. Rohan Verma
  - f) Ms. Bhama Krishnamurthy (From July 30, 2019)
  - g) Mr. Vellayan Subbiah (From November 11, 2020)
  - h) Mr. M.A.M. Arunachalam (From January 29,2021)
  - i) Mr. Anand Kumar (From March 16, 2021)
  - j) Mr. Bharath Vasudevan (From March 16, 2021)

Note: Related party relationships are as identified by the Management and relied upon by the Auditors

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

a) Transactions during the year

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	4,848	7,634
b) Ambadi Investments Limited	438	708
c) Parry Enterprises Limited	0*	0*
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	104	100
b) Cholamandalam Securities Limited	213	162
c) Cholamandalam Home Finance Limited	3,544	3,898
d) Cholamandalam MS General Insurance Company Limited	5	60
e) Parry Enterprises Limited	1	1
f) Cholamandalam MS Risk Services Limited	0*	0*
Expenses – Reimbursed		
a) Cholamandalam Securities Limited	-	15
b) Cholamandalam MS General Insurance Company Limited	-	2
c) Cholamandalam Home Finance Limited	157	77
Services Received		
a) Cholamandalam Securities Limited	15	3
b) White Data Systems India Private Limited	29	32
c) Parry Enterprises Limited	72	714
d) Cholamandalam MS General Insurance Company Limited	196	164
Amount received towards other Reimbursements		
a) Cholamandalam Securities Limited	1	-
Rental Income		
a) Cholamandalam Securities Limited	8	9
Rental Expense		
a) Cholamandalam Home Finance Limited	126	90
Loans given		
a) Cholamandalam Securities Limited	1,600	17,650
b) White Data Systems India Private Limited	340	340
Loans recovered		
a) Cholamandalam Securities Limited	2,300	18,100
b) White Data Systems India Private Limited	340	340
Interest Income Received		
a) Cholamandalam Securities Limited	1	37
b) White Data Systems India Private Limited	26	28
Loans availed		
a) Cholamandalam Home Finance Limited	22,820	25,050
Loans repaid		
a) Cholamandalam Home Finance Limited	22,820	25,050
Interest Expense		
a) Cholamandalam Home Finance Limited	80	95
b) Cholamandalam MS General Insurance Company Limited	1,603	1,696
Commission and Sitting fees to non-executive Directors	100	80

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

e) Balances Outstanding at the year end.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Loans - Receivable		
a) Cholamandalam Securities Limited	-	700
b) White Data Systems India Private Limited	340	340
Debt Securities – Payable		
a) Cholamandalam MS General Insurance Company Limited	(18,527)	(19,070)
Other Receivable / (Payable)		
a) Cholamandalam Financial Holdings Limited	2	-
b) Cholamandalam Securities Limited	(5)	1
c) Cholamandalam Home Finance Limited	272	140
d) Cholamandalam MS General Insurance Company Limited	1	16
e) White Data Systems India Private Limited	(6)	(7)
f) Parry Enterprises Limited	0*	1
g) Cholamandalam MS Risk Services Limited	-	0*
h) Key Managerial Personnel	-	2

f) Remuneration to Key Managerial Personnel

₹ in lakhs

Nature of Transaction	Year ended March 31,2021	Year ended March 31,2020
Short- term employee benefits	794	656
Post - employment pension (defined Contribution)	92	66
Dividend Payments	17	24
Share based payments	27	48
Sale of Vehicle(s)	21	-

* 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 2021	Maximum Amount Outstanding during year March 2020
A)	To Subsidiaries		
	- Cholamandalam Securities Limited	700	2,500
	- Cholamandalam Home Finance Limited	2,870	2,200
B)	To Associates		
	- White Data Systems India Private Limited	340	340

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 March 31,2021	As at March 31,2020
Income tax and Interest on Tax issues where the Company has gone on appeal	22,465	23,104
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	21,898
Sales Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	2,573	2,660
Service Tax & GST issues pending before Appellate Authorities in respect of which the Company is on appeal.	19,992	19,978
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	10,801	8,526

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 38 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

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.

(b) Commitments

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Capital commitments	3,650	2,766
Disbursements - Undrawn lines	1,24,190	84,535

(c) The Code on Social Security, 2020 (' The Code') relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

Note : 39 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at March 31,2020	Additional Provision	Utilisation/ Reversal	As at March 31,2021
Provision for Contingencies and Service Tax claims	3,838	508	-	4,346
Provision for Undrawn commitments	131	89	116	104

₹ in lakhs

Particulars	As at March 31,2019	Additional Provision	Utilisation/ Reversal	As at March 31,2020
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Undrawn commitments	51	80	-	131

Undrawn loan commitments are commitments under which the Company is required to provide a loan under pre-sanctioned terms to the customer.

The undrawn commitments provided by the Company 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, 2021 is ₹ 1,24,190 lakhs (₹ 84,535 lakhs as at March 31, 2020).

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, 2021 is ₹ 104 lakhs (₹ 131 lakhs as at March 31, 2020).

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 ₹ 561 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, 2021

Note : 40 ESOP DISCLOSURE (Contd.)

The movement in Stock Options during the current period are given below:

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31.03.2020	During the Year: Addition in number of options on account of share split*	During the Year: Options Granted	During the Year: Options Forfeited / Expired	During the Year: Options Exercised and allotted	Options outstanding As at 31.03.2021	Options vested but not exercised As at 31.03.2021	Options unvested As at 31.03.2021	Exercise Price ₹	Weighted Average Remaining Contractual Life
GT25 Apr 2008	25 Apr 08	-	-	-	-	-	-	-	-	-	-
GT27 JAN 2011A	27 Jan 11	23,120	-	-	-	23,120	-	-	-	38	-
GT27 JAN 2011B	27 Jan 11	-	-	-	-	-	-	-	-	-	-
GT30 APR 2011	30 Apr 11	25,240	-	-	-	15,000	10,240	10,240	-	33	-
GT27 OCT 2011	27 Oct 11	29,760	-	-	-	21,180	8,580	8,580	-	31	-
Total		**78,120**	**-**	**-**	**-**	**59,300**	**18,820**	**18,820**	**-**	**-**	**-**

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31.03.2020	During the Year 2019-20: Addition in number of options on account of share split*	During the Year 2019-20: Options Granted	During the Year 2019-20: Options Forfeited / Expired	During the Year 2019-20: Options Exercised and allotted	Options outstanding As at 31.03.2021	Options vested but not exercised As at 31.03.2021	Options unvested As at 31.03.2021	Exercise Price	Weighted Average Remaining Contractual Life
GT25 JAN 2017	25 Jan 17	21,18,600	-	-	1,92,140	2,61,770	16,64,690	16,64,690	-	202	-
GT30 JAN 2018	30 Jan 18	2,38,485	-	-	-	34,400	2,04,085	2,04,085	-	262	-
GT30 JAN 2018A	30 Jan 18	89,800	-	-	-	2,500	87,300	60,360	26,940	262	0.84 years
GT23 APR 2018	23 Apr 18	44,900	-	-	-	17,960	26,940	-	26,940	312	0.56 years
GT26 JUL 2018	26 Jul 18	2,74,860	-	-	1,31,500	3,000	1,40,360	86,600	53,760	299	0.32 years
GT30 OCT 2018	30 Oct 18	3,67,300	-	-	44,900	25,000	2,97,400	1,03,960	1,93,440	254	1.08 years
GT19 MAR 2019	19 Mar 19	5,88,460	-	-	-	17,280	5,71,180	2,75,740	2,95,440	278	1.47 years
GT30 JUL 2019	30 Jul 19	31,632	-	-	4,860	-	26,772	13,386	13,386	248	0.33 years
GT05 NOV 2019	05 Nov 19	2,75,600	-	-	-	25,560	2,50,040	29,560	2,20,480	316	1.73 years
GT23 JAN 2020	23 Jan 20	53,000	-	-	-	10,600	42,400	-	42,400	318	1.94 years

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 40 ESOP DISCLOSURE (Contd.)

Employee Stock Option Plan 2016

		Options outstanding					Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2020	Addition in number of options on account of share split*	Options Granted	Options Forfeited / Expired	Options Exercised and allotted	As at 31.03.2021	As at 31.03.2021	As at 31.03.2021	Exercise Price	Weighted Average Remaining Contractual Life
GT03 JUNE 2020	3 Jun 20	-	-	2,11,900	-	-	2,11,900	-	2,11,900	158	1.88 years
GT03 JUNE 2020A	3 Jun 20	-	-	1,905	-	-	1,905	-	1,905	158	0.18 years
Total		**40,82,637**	**-**	**2,13,805**	**3,73,400**	**3,98,070**	**35,24,972**	**24,38,381**	**10,86,591**		

Note: Includes options (vested and unvested) issued employees of subsidiary as at March 31, 2021 - 11,276 options prior to share split (March 31, 2020 - 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.

The movement in Stock Options during the previous year are given below:

Employee Stock Option Plan 2007

		Options outstanding	During the Year 2019-20				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*	Options 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
GT25 Apr 2008	25 Apr 08	-	-	-	-	-	-	-	-	38	-
GT27 JAN 2011A	27 Jan 11	9,163	36,652	-	-	22,695	23,120	23,120	-	38	-
GT27 JAN 2011B	27 Jan 11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT30 APR 2011	30 Apr 11	7,948	31,792	-	-	14,500	25,240	25,240	-	33	-
GT27 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**	**-**		

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 40 ESOP DISCLOSURE (Contd.)

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31.03.2019	During the Year 2019-20 Addition in number of options on account of share split*	Options Granted	Options Forfeited / Expired	Options Exercised and allotted	Options outstanding As at 31.03.2020	Options vested but not exercised As at 31.03.2020	Options unvested As at 31.03.2020	Exercise Price	Weighted Average Remaining Contractual Life
GT25 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
GT30 JAN 2018	30 Jan 18	49,040	1,96,160	-	-	6,715	2,38,485	1,46,535	91,950	262	0.84 years
GT30 JAN 2018A	30 Jan 18	17,960	71,840	-	-	-	89,800	35,920	53,880	262	1.34 years
GT23 APR 2018	23 Apr 18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.19 years
GT26 JUL 2018	26 Jul 18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	0.82 years
GT30 OCT 2018	30 Oct 18	73,460	2,93,840	-	-	-	3,67,300	73,460	2,93,840	254	1.71 years
GT19 MAR 2019	19 Mar 19	1,17,692	4,70,768	-	-	-	5,88,460	1,46,060	4,42,400	278	2.09 years
GT30 JUL 2019	30 Jul 19	-	-	31,632	-	-	31,632	-	31,632	248	0.83 years
GT05 NOV 2019	5 Nov 19	-	-	2,75,600	-	-	2,75,600	-	2,75,600	316	2.30 years
GT23 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 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.

The following tables list the inputs to the Black Scholes model used for the plans for the year ended March 31, 2021:

ESOP 2007

Date of Grant	Variables: 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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note: ESOP 2007 (Contd.)

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 (₹)
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, 2021 is ₹ Nil (March 31, 2020 - ₹ 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

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*
3 Jun 20	5%	3.50 years	47.50%	1.33%	157.90	58.27*

* Fair value option of equity shares issued under this grant is post share split with a face value of ₹ 2/- each

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 41 SHARING OF COSTS

The Company shares certain costs / service charges with other companies. 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.

<u>Risk Management Framework:</u>

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.

<u>Risk Governance structure:</u>

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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 CAPITAL MANAGEMENT (Contd.)

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, Loan Against Property 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 72% of the loan book of the Company as of March 31, 2021 (73% as of March 31, 2020). 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 Multi 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 10% and 6% leading to well diversified sub product mix.

Loan Against Property 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, 2021 (21% as of March 31, 2020). Portfolio is concentrated in North 38% with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country. South has 32% and West contributes 25%.

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, 2021.

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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 CAPITAL MANAGEMENT (Contd.)

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

PUBLIC DISCLOSURE ON LIQUIDITY RISK -MARCH 31, 2021

(i) Funding concentration based on significant counterparty (both deposits and borrowings)

Sr. No	No. of Significant Counterparties	Amount (₹ In lakhs)	% of Total Deposits	% of Total Liabilities
1	17	45,94,703	NA	70.70%

(ii) Top 20 large deposits (amount in ₹ Crore and % of total deposits)

Not Applicable

(iii) Top 10 borrowings (amount in ₹ Crore and % of total borrowings)

Amount (₹ In Lakhs)	% of Total Borrowings
14,64,828	23.17%

(iv) Funding concentration based on significant instrument / product

Sr. No	Name of the instrument / product	Amount (₹ In Lakhs)	% of Total Liabilities
1	Rupee Term Loans	39,06,532	60.11%
2	NCDs (including PDI & Sub Debt)	12,59,760	19.38%
3	CPs	3,06,500	4.72%
4	ECB Loans	3,70,642	5.70%
5	Securitisation	4,63,916	7.14%
6	Rupee Denominated Bonds	40,000	0.62%
	TOTAL	**63,47,350**	**97.67%**

(v) Stock Ratios:

(a) Commercial papers as a % of total public funds, total liabilities and total assets :

Commercial Papers as a % of total public funds	4.83%
Commercial Papers as a % of total liabilities	4.72%
Commercial Papers as a % of total assets	4.11%

(b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets –

Non-convertible debentures (original maturity of less than one year) as a % of total public funds	0%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%
Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%

(c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets :

Other Short-term liabilities as a % of total public funds	1.34%
Other Short-term liabilities as a % of total liabilities	1.31%
Other Short-term liabilities as a % of total assets	1.14%

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 CAPITAL MANAGEMENT (Contd.)

(vi) Institutional set-up for liquidity risk management:

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. These are reviewed by the Asset Liability Committee (ALCO) on a monthly basis. The ALCO provides strategic direction and guidance on liquidity risk management. A sub-committee of the ALCO, comprising members from the Treasury and Risk functions, monitor liquidity risks on a weekly basis and decisions are taken on the funding plan and levels of investible surplus, from the ALM perspective. This sets the boundaries for daily cash flow management.

Notes:

1) A "Significant Counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of NBFC-NDSI's, NBFC- D's total liabilities and 10% for other non deposit taking NBFCs.
2) A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC- NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
3) Total Borrowing has been computed as Gross Total Debt basis extant regulatory ALM guidelines.
4) Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.
5) Commercial Paper for stock ratio is the Gross outstanding (i.e. Maturity amount).
6) Other Short-term Liabilities has been computed as Total Short-term Liabilities less Commercial paper less Non-convertible debentures (Original maturity of less than one year), basis extant regulatory ALM guidelines.
7) Public Funds = Total Liabilities as computed above.

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.

Refer Note no 56 for Liquidity Coverage Ratio

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.

42.8 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2021								
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	6	1	1,57,501	65,152	March 18, 2022 to June 03, 2024	(1,720)	(11,025)	Borrowings
Interest rate swaps	1	0	1,42,238	-	June 20, 2028	(1,953)	-	Borrowings
Forward contracts	0	26	-	7,922	March 21, 2022 to June 03, 2024	11,828	5,041	Borrowings

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 CAPITAL MANAGEMENT (Contd.)

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	(4,521)	-	-	NA

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

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 Loan Against Property 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 Loan Against Property 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 Loan Against Property 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 Loan Against Property 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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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

	March 31,2021		March 31,2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	1,55,370	1,55,370	3,46,188	3,46,188
Bank balances Other than Cash and Cash Equivalents	3,67,818	3,67,818	3,49,722	3,49,722
Receivables				
i) Trade Receivables	2,031	2,031	2,176	2,176
ii) Other Receivables	4,612	4,612	3,698	3,698
Loans	65,83,934	68,38,189	55,40,273	54,70,335
Investments in Government securities	1,54,590	1,46,905	-	-
Other Financial Assets	56,278	56,278	41,327	41,327
Total Financial Assets	**73,24,633**	**75,71,203**	**62,83,384**	**62,13,446**
Financial Liabilities				
Payables				
i) Trade Payables	23,601	23,601	20,290	20,290
ii) Other Payables	20,492	20,492	9,949	9,949
Debt Securities	12,35,767	12,36,407	7,32,683	7,32,658
Borrowings(Other than Debt Securities)	47,18,226	47,15,550	43,27,308	43,23,357
Subordinated Liabilities	4,19,006	4,20,811	4,40,552	4,40,595
Other Financial Liabilities	49,217	49,217	38,621	38,621
Total Financial Liabilities	**64,66,309**	**64,66,078**	**55,69,403**	**55,65,470**

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.

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 rates.

iii) Derivatives are fair valued using observable inputs / rates.

iv) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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, 2021

₹ 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	4,587	-	4,587	-
Assets for which fair values are disclosed				
Loans	65,83,934	-	68,38,189	-
Investments in Government securities	1,54,590		1,46,905	-
Investment Properties *	13	-	-	304

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, 2021

₹ 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	12,742	-	12,742	-
Liabilities for which fair values are disclosed				
Debt Securities	12,35,767	-	12,36,407	-
Borrowings(Other than Debt Securities)	47,18,226	-	47,15,550	-
Subordinated Liabilities	4,19,006	-	4,20,811	-

There have been no transfers between the level 1 and level 2 during the period.

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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 44.2 Fair value hierarchy (Contd.)

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	-	-		-
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.

Note : 44.3 Summary of Financial assets and liabilities which are recognised at amortised cost

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31,2020
Financial Assets		
Cash and Cash Equivalents	1,55,370	3,46,188
Bank balances other than Cash and Cash Equivalents	3,67,818	3,49,722
Loans	65,83,934	55,40,273
Other Financial Assets	56,278	41,327
Investments in Government Securities	1,54,590	-
Financial Liabilities		
Debt Securities	12,35,767	7,32,683
Borrowings(Other than Debt Securities)	47,18,226	43,27,308
Subordinated Liabilities	4,19,006	4,40,552
Other Financial liabilities	49,217	38,621

Note: 44.4 Refer Note 13 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

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, 2021			
Financial Assets			
Cash and Cash Equivalents	1,55,370	1,55,370	-
Bank balances Other than Cash and Cash Equivalents	3,67,818	3,40,303	27,515
Derivative financial instruments	4,587	-	4,587
Receivables			
i) Trade Receivables	2,031	2,031	-
ii) Other Receivables	4,612	4,612	-
Loans	65,83,934	19,71,863	46,12,071
Investments	1,61,882	9,714	1,52,168
Other Financial Assets	56,278	26,982	29,296
Total Financial Assets	**73,36,512**	**25,10,875**	**48,25,637**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 45 MATURITY ANALYSIS (Contd.)

₹ in lakhs

	Amount	Maturity Within 12 months	Maturity After 12 months
Non- Financial Assets			
Current tax assets (Net)	14,615	-	14,615
Deferred tax assets (Net)	76,380	-	76,380
Investment Property	13	-	13
Property, Plant and Equipment	20,302	-	20,302
Intangible assets under development	982	-	982
Other Intangible assets	1,645	-	1,645
Other Non-Financial Assets	4,393	1,816	2,577
Total Non- Financial Assets	**1,18,330**	**1,816**	**1,16,514**
Financial Liabilities			
Derivative financial instruments	12,742	-	12,742
Payables			
i) Trade Payables	23,601	23,601	-
ii) Other Payables	20,492	20,492	-
Debt Securities	12,35,767	6,04,785	6,30,982
Borrowings(Other than Debt Securities)	47,18,226	16,91,807	30,26,419
Subordinated Liabilities	4,19,006	1,01,959	3,17,047
Other Financial Liabilities	49,217	39,718	9,499
Total Financial Liabilities	**64,79,051**	**24,82,362**	**39,96,689**
Non-Financial Liabilities			
Current tax liabilities	4,225	4,225	-
Provisions	10,958	10,958	-
Other Non-Financial Liabilities	4,577	3,303	1,274
Total Non-Financial Liabilities	**15,535**	**18,486**	**1,274**

₹ in lakhs

	Amount	Maturity Within 12 months	Maturity 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	2,176	2,176	-
ii) Other Receivables	3,698	3,698	-
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**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 45 MATURITY ANALYSIS (Contd.)

₹ in lakhs

	Amount	Maturity	
		Within 12 months	After 12 months
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	2,466	935	1,531
Total Non- Financial Assets	**98,143**	**935**	**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	4,576	2,598	1,978
Total Non-Financial Liabilities	**13,652**	**11,674**	**1,978**

Note : 46 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ in lakhs

Particulars	April 01, 2020	Cash flows	Exchange Difference	Other	March 31, 2021
Debt Securities	7,32,683	5,00,898	-	2,186	12,35,767
Borrowings other than debt securities	43,27,308	4,04,659	(13,268)	(473)	47,18,226
Subordinated liabilities	4,40,552	(20,150)	-	(1,396)	4,19,006
Total	55,00,543	8,85,407	(13,268)	317	63,72,999

₹ in lakhs

Particulars	April 01, 2019	Cash flows	Exchange Difference	Other	March 31, 2020
Debt Securities	14,18,431	(6,68,840)	-	(16,908)	7,32,683
Borrowings other than debt securities	32,12,375	10,98,059	20,341	(3,467)	43,27,308
Subordinated liabilities	4,25,868	15,500	-	(816)	4,40,552
Total	50,56,674	4,44,719	20,341	(21,191)	55,00,543

(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

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 47 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

As at March 31, 2021 ₹ 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	1,55,370	-	-	-	-	-	-	**1,55,370**
Bank Balances other than Cash and Cash Equivalents	96,303	1,02,196	1,36,657	3,577	13,043	10,571	11,444	**3,73,791**
Derivative financial instruments	-	-	-	-	-	-	4,587	**4,587**
Receivables								
i) Trade Receivables	2,031	-	-	-	-	-	-	**2,031**
ii) Other Receivables	4,612	-	-	-	-	-	-	**4,612**
Loans	5,02,874	5,38,796	7,04,685	13,47,385	37,59,707	13,26,678	19,71,659	**1,01,51,784**
Investments	-	1,135	3,722	4,857	19,428	19,428	1,13,312	**1,61,882**
Other Financial Assets	1,641	12,851	4,368	7,475	18,298	10,630	10,672	**65,935**
Total Undiscounted financial assets	**7,62,831**	**6,54,978**	**8,49,432**	**13,63,294**	**38,10,476**	**13,67,307**	**21,11,674**	**1,09,19,992**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	-	-	12,742	**12,742**
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	23,601	-	-	-	-	-	-	**23,601**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	20,492	-	-	-	-	-	-	**20,492**
Debt Securities	1,13,137	2,70,683	1,08,618	1,48,066	5,52,907	1,60,428	2,712	**13,56,551**
Borrowings (Other than Debt Securities)	1,59,219	3,08,806	7,48,826	7,09,140	25,22,320	6,94,544	1,10,157	**52,53,012**
Subordinated Liabilities	273	37,967	12,769	78,271	1,66,250	76,319	15,33,381	**19,05,230**
Other Financial Liabilities	40,771	884	1,159	1,994	9,838	583	-	**55,229**
Total Undiscounted financial liabilities	**3,57,493**	**6,18,340**	**8,71,372**	**9,37,471**	**32,51,315**	**9,31,874**	**16,58,992**	**86,26,857**
Total net Undiscounted financial assets/(liabilities)	**4,05,338**	**36,638**	**(21,940)**	**4,25,823**	**5,59,161**	**4,35,433**	**4,52,682**	**22,93,135**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 47 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES (Contd.)

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	2,176	-	-	-	-	-	-	**2,176**
ii) Other Receivables	3,698	-	-	-	-	-	-	**3,698**
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**

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.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 48 DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES (Contd.)

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:

(i) Movement in the carrying value of the Right to Use Asset

₹ in lakhs

Particulars - Buildings	As on March 31, 2021	As on March 31, 2020
Opening Balance	10,670	11,370
Depreciation charge for the Period	(4,542)	(4,190)
Additions during the Period	1,504	4,084
Adjustment/Deletion	(22)	(594)
Closing Balance	**7,610**	**10,670**

(ii) Classification of current and non current liabilities of the lease liabilities

₹ in lakhs

Particulars	As on March 31, 2021	As on March 31, 2020
Current liabilities	4,330	5,057
Non Current Liabilities	4,575	6,985
Total Lease liabilities	**8,905**	**12,042**

(iii) Movement in the carrying value of the Lease Liability

₹ in lakhs

Particulars	As on March 31, 2021	As on March 31, 2020
Opening Balance	12,042	12,199
Interest Expense	924	1,153
Lease Payments [Total Cash Outflow]	(4,914)	(4,800)
Short term rent concession	(630)	-
Additions during the year	1,504	4,084
Adjustment/Deletion	(21)	(594)
Closing Balance	**8,905**	**12,042**

(iv) Contractual Maturities of Lease liability outstanding

₹ in lakhs

Particulars	As on March 31, 2021	As on March 31, 2020
Less than one year	4,497	5,304
One to five Years	5,497	8,505
More than Five years	-	-
Total	**9,994**	**13,809**

(v) The following are the amount recognised in the Profit or Loss statement

₹ in lakhs

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	4,542	4,190
Interest expense on lease liabilities	924	1,153
Expense relating to short-term leases (included in other expenses)	109	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	**5,575**	**5,425**

Lease expenses relating to short term leases aggregated to ₹ 109 lakhs (₹ 82.39 lakhs - March 31, 2020) during the year ended March 31, 2021.

Many lessors have provided rent concessions to lessees as a result of the COVID-19 pandemic. Rent concessions represents rent reductions for a period of time. Company has applied practical expedient to Ind AS 116 rent concessions. Pursuant to this, Company has recognised ₹ 630 lakhs in Statement of Profit and loss as reversal in the financial statements.

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12%.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 48 DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES (Contd.)

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.

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).

Note : 49 PURSUANT TO REVISION IN GUIDELINES ISSUED ON SECURITISATION/ ASSIGNMENT DATED MAY 7, 2012

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	30	29
Outstanding securitised Assets in books of SPV	4,63,916	4,93,815
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	51,136	47,553
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	31,857	37,636
• Others		
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	29,996	30,806
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	9,64,026	9,53,016

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
ASSETS DE-RECOGNISED		
b) On Bilateral assignment		
Number of Assignment Transactions	24	24
Outstanding Assigned Assets in books of Assignee	4,29,157	5,24,803
Less: Collections not yet due to be remitted to Assignee#	13,115	12,218
Outstanding Assigned Assets as per books	4,16,042	5,12,585
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss - Cash collateral	-	-
• Others	47,502	58,364
Book value of Assets sold	7,34,031	7,34,047

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, 2021

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 March 31,2021	Amount Overdue As at March 31,2021
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	9,34,263	-
	- Unsecured (other than falling within the meaning of public deposits)	2,70,086	-
	- Perpetual Debt Instrument	1,48,920	-
(b)	Deferred Credits	-	-
(c)	Term Loans	45,52,555	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	3,01,504	-
	Other Loans	1,65,671	-
	(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 March 31,2020	Amount Overdue As at March 31,2020
	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 & Cash Credit from Banks along with Interest Accrued but Not Due on above)		

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at March 31, 2021	Amount Outstanding As at March 31,2020
(2)	**Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)**		
(a)	Secured	16,80,011	13,18,806
(b)	Unsecured	37,084	20,982
(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	48,66,838	42,00,485

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 March 31,2021	Amount Overdue As at March 31,2020
(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	1,54,590	-
(v)	Others		
- Investment in Pass Through Certificates		-	-
- Investment property		13	14

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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, 2021			
1. Related Parties *			
(a) Subsidiaries	-	340	340
(b) Companies in the same Group	-	-	-
(c) Other Related Parties	-	-	-
2. Other than Related Parties	65,46,850	36,744	65,83,594
Total	**65,46,850**	**37,084**	**65,83,934**
As at March 31, 2020			
1. Related Parties *			
(a) Subsidiaries	-	700	700
(b) Companies in the same Group	-	340	340
(c) Other Related Parties	-	-	-
2. Other than Related Parties	55,19,291	19,942	55,39,233
Total	**55,19,291**	**20,982**	**55,40,273**

* 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, 2021		
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	1,54,592	1,54,592
Total	**1,61,882**	**1,61,882**
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**

₹ in lakhs

Category	Amount Outstanding As at March 31,2021	As at March 31,2020
(7) Other Information		
(i) Gross Non-Performing Assets		
a) With Related Parties *	-	-
b) With Others	2,70,501	2,16,331
(ii) Net Non-Performing Assets		
a) With Related Parties *	-	-
b) With Others	1,50,752	1,26,502
(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, 2021

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:

i. Capital Adequacy Ratio

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Tier I Capital	9,39,023	8,05,516
Tier II Capital	2,44,044	2,85,020
Total Capital	**11,83,067**	**10,90,536**
Total Risk Weighted Assets	61,93,249	52,72,792
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	15.16%	15.28%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	3.94%	5.41%
Total (%)	**19.10%**	**20.69%**
Amount of Subordinated Debt raised as Tier – II capital during the year	**-**	**40,000**
Amount raised by issue of Perpetual Debt instruments during the year	**14,500**	**5,000**

ii. Investments

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,62,024	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	1,61,895	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, 2021

₹ 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	49,041	6,295	81,993	90,975	1,83,820	6,78,690	5,98,952	22,75,340	6,52,340	94,795	**47,12,241**
Market Borrowings	-	62,676	50,363	1,37,029	1,65,477	1,09,063	1,82,136	5,85,067	1,49,388	2,13,575	**16,54,774**
Total	**49,041**	**68,971**	**1,32,356**	**2,28,004**	**3,49,297**	**7,87,753**	**7,81,088**	**28,60,407**	**8,01,728**	**3,08,370**	**63,67,015**
Assets											
Advances (Net of Provision for Non Performing Assets)	37,947	36,598	89,998	1,10,950	1,21,854	6,09,041	9,65,475	26,34,376	9,18,458	10,59,237	**65,83,934**
Investment (Net of Provision for Diminution in Value of Investments)	-	-	-	-	1,135	3,722	4,857	19,428	19,428	1,13,312	**1,61,882**
Total	**37,947**	**36,598**	**89,998**	**1,10,950**	**1,22,989**	**6,12,763**	**9,70,332**	**26,53,804**	**9,37,886**	**11,72,549**	**67,45,816**

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.)

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**

iv. Exposure to the Real Estate Sector, both Direct and Indirect

₹ in lakhs

Category	As at March 31,2021	As at March 31,2020
(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	3,11,572	1,71,278
- individual housing loans more than ₹ 15 lakhs	12,96,770	10,41,566
(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	1,57,662	1,44,062
- 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	**17,66,004**	**13,56,906**

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, 2021

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.)

v. Exposure to the Capital Market

₹ in lakhs

	Particulars	As at March 31,2021	As at March 31,2020
(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;	3,052	741
(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	4,802	5,020
Total Exposure		**7,854**	**5,761**

vi. Other Regulator Registration

S. No.	Regulator	Registration no.
1	Ministry of Corporate 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 March 31,2021	As at March 31,2020
Commercial paper & Non- convertible Debentures – Short Term	ICRA A1+, CRISIL A1+	ICRA A1+, CRISIL 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, 2021

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 March 31,2021	As at March 31,2020
Total Advances to twenty largest borrowers	37,166	29,582
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.54%	0.52%

x. Concentration of Exposures

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Total Exposure to twenty largest borrowers/customers	37,802	29,582
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	0.54%	0.52%

xi. Concentration of NPAs

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Total Exposure to top four NPA accounts	3,625	3,145

xii. Sector-wise NPAs

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector as on March 31,2021	Percentage of NPAs to Total Advances in that sector as on March 31,2020
1.	Agriculture & allied activities	-	100%
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans	3.08%	2.91%
7.	Other loans	6.51%	6.39%

xiii. Movement of NPAs

₹ in lakhs

Particulars	March 31, 2021	March 31,2020
(i) Net NPAs to Net Advances(%)	2.25%	2.26%
(ii) Movement of Gross NPA		
(a) Opening balance	2,16,331	1,43,851
(b) Additions during the year	1,49,369	1,35,806
(c) Reductions during the year	95,199	63,326
(d) Closing balance	2,70,501	2,16,331
(iii) Movement of Net NPA		
(a) Opening balance	1,26,501	89,210
(b) Additions during the year	85,237	85,654
(c) Reductions during the year	60,986	48,362
(d) Closing balance	1,50,752	1,26,502

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.)

₹ in lakhs

Particulars	March 31,2021	March 31,2020
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	89,829	54,641
(b) Provisions made during the year	64,133	50,152
(c) Write-off / write-back of excess provisions	34,213	14,964
(d) Closing balance	1,19,749	89,829

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, 2020	Number of borrowers	-	158	18	-
	Amount Outstanding	-	2,415	357	-
	Provision thereon	-	697	128	-
Fresh Restructured during the year	Number of borrowers	13,541	966	3	-
	Amount Outstanding	1,31,039	8,839	30	-
	Provision thereon	16,206	1,336	0	-
Upgradations to restructured category	Number of borrowers	804	3	-	-
	Amount Outstanding	6,919	29	-	-
	Provision thereon	901	11	-	-
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	-	356	7	-
	Amount Outstanding	-	3,567	101	-
	Provision thereon	-	828	46	-
Write-off of restructured accounts during the year	Number of borrowers	16	29	-	-
	Amount Outstanding	180	488	-	-
	Provision thereon	31	177	-	-
Restructured loans as on March 31, 2021	Number of borrowers	13,702	641	-	-
	Amount Outstanding	1,32,153	7,052	-	-
	Provision thereon	18,700	1,999	-	-

xv. Customer Complaints

No. of Complaints

Particulars	March 31,2021	March 31,2020
(a) Pending as at beginning of the year	8	11
(b) Received during the year	1,169	1,331
(c) Redressed during the year	1,177	1,334
(d) Pending as at end of the year	0	8

Note: The above summary is prepared based on the information available with the Company and relied upon by the Auditors.

Note : 52. DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2021 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

There were 66 cases (March 31, 2020 - 115 cases) of frauds amounting to ₹ 731 lakhs (March 31, 2020 - ₹ 668 lakhs) reported during the year. The Company has recovered an amount of ₹ 45 lakhs (March 31, 2020 - ₹ 48 lakhs). The un-recovered amounts are either pending settlement with the insurance companies or have been fully provided/ written off.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note: 53. DISCLOSURE OF COMPARISON OF PROVISION AS PER IRAC NORMS AND ECL PURSUANT TO RBI CIRCULAR, VIDE DNBS.D.CC.NO.109/22.10.106/2019-20 DATED MARCH 13, 2020 FOR THE YEAR ENDED MARCH 31, 2021

₹ 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	61,34,764	53,730	60,81,034	22,910	30,820
	Stage 2	4,23,110	70,962	3,52,148	38,244	32,718
Non Performing Assets (NPA)						
Substandard	Stage 3	1,35,840	47,002	88,838	13,140	33,862
Doubtful - upto 1 year	Stage 3	57,540	25,787	31,753	10,028	15,759
1 - 3 years	Stage 3	46,231	26,427	19,804	13,933	12,494
More than 3 years	Stage 3	27,578	17,397	10,181	15,425	1,972
Loss	Stage 3	3,312	3,136	176	2,939	197
Subtotal for NPA		**2,70,501**	**1,19,749**	**1,50,752**	**55,465**	**64,284**
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	1,24,191	104	1,24,087	-	104
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**1,24,191**	**104**	**1,24,087**	**-**	**104**
Total	Stage 1	62,58,955	53,834	62,05,121	22,910	30,924
	Stage 2	4,23,110	70,962	3,52,148	38,244	32,718
	Stage 3	2,70,501	1,19,749	1,50,752	55,465	64,284
	Total	**69,52,566**	**2,44,545**	**67,08,021**	**1,16,619**	**1,27,926**

As required by the RBI Notification dated March 31, 2020, the Company has complied with the requirements of Ind AS and the Guidelines and Policies approved by the Board in recognition of impairment of financial instruments. The overall impairment provision made under Ind AS is higher than the prudential floor (including the provision requirement specified in the notification referred to in Note 9 of this statement) prescribed by RBI

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 54. DISCLOSURE ON MORATORIUM – COVID 19 REGULATORY PACKAGE – ASSET CLASSIFICATION AND PROVISIONING FOR THE YEAR ENDED MARCH 31, 2021 IN PURSUANT TO THE NOTIFICATION VIDE: DOR.NO.BP.BC.63/21.04.048/2019-20 DATED APRIL 17, 2020.

₹ in lakhs

Particulars	March 31,2021	March 31,2020
Amount in SMA/overdue categories as of February 29, 2020	13,20,164	13,20,164
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 (as of February 29, 2020)	11,67,712	11,73,298
Respective amount where asset classification benefits is extended (net of accounts which have moved out of SMA/overdue category during the moratorium period)*	Nil	1,01,716
Provisions made during the period (As per para 4, Applicable to NBFC's covered under Ind AS)**	Nil	12,377
Provisions adjusted against slippages in terms of paragraph 6 of the circular	Nil	-
Residual provision	Nil	12,377

*there are nil accounts where asset classification benefit has been extended as on March 31, 2021. Post the moratorium period, the movement of aging has been at actuals.

** The above provision does not include management overlay provision of ₹ 1,967 lakhs as of March 31, 2020.

Note : 55 DISCLOSURE ON ONE-TIME RESTRUCTURING FOR THE YEAR ENDED MARCH 31, 2021 PURSUANT TO RBI NOTIFICATION RBI/2020-21/16/DOR.NO.BP.BC/3/ 21.04.048/2020-21 DATED AUGUST 6, 2020.

Type of borrower	No. of accounts where resolution plan has been implemented under this window (A)	Exposure to account mentioned in (A) before implementation of the plan (B) - ₹ in lakhs	Of (B) aggregate amount of debt that was converted into other securities	Additional funding sanction, if any, including between invocation of the plan and implementation	Increase in provisions on account of implementation of the resolution plan - ₹ in lakhs
Personal Loans	1,504	28,089	-	-	1,882
Corporate persons #	-	-	-	-	-
Of which MSME	-	-	-	-	-
Others	-	-	-	-	-
Total	1,504	28,089	-	-	1,882

As defined in section 3(7) of Insolvency and Bankruptcy Code 2016.

b) enterprises (MSME) sector – Restructuring of advances having exposure less than or equal to ₹ 25 crores

Type of borrower	No. of accounts where resolution plan has been implemented under this window (A)	Exposure to account mentioned in (A) before implementation of the plan (B) - ₹ in lakhs
MSMEs	12,610	1,18,178

Exposure means principal outstanding and overdues.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 56 LIQUIDITY COVERAGE RATIO

The Liquidity Coverage Ratio (LCR) is a key reform recommended by the Basel Committee for a resilient and stable financial sector.

In order to complement the "Sound Principles of Liquidity Risk Management and Supervision" introduced in 2008 by the Committee, the Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. One of these standards is the Liquidity Coverage Ratio and has as its objective the promotion of short-term resilience of the liquidity risk profile of financial institutions by ensuring that it has sufficient High Quality Liquid Assets (HQLA) to survive a significant stress scenario lasting for one month. The Liquidity Coverage Ratio is expected to improve the financial sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

Compliance with the prescribed Liquidity Coverage Ratio ensures that Non-Banking Financial Companies have an adequate stock of unencumbered High-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The cash outflows and inflows have been stressed by 115% and 75% of their respective original values. The key drivers on the inflow side are the expected collections from the performing assets of the company and on the outflow side the scheduled maturities.

The RBI notified the Liquidity Coverage Ratio as applicable for Non-Banking Financial Companies with effect from December 1, 2020 (vide circular dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies). The company has been monitoring liquidity from the Liquidity Coverage Ratio standpoint from Q1 of the financial year, for the purpose of disclosure, the company has reported Liquidity Coverage Ratio from December 1, 2020, the date on which the regulation came into force. The disclosures on Liquidity coverage ratio are made for Q3 (comprising only December 2020) and Q4 (comprising January, February and March 2021). The movements in the drivers of Liquidity Coverage Ratio outlined in the following paragraphs have to be read in this context.

The Liquidity Coverage Ratio maintained by the company for the quarters ended December 31, 2020 and March 31, 2021 stand at 168% and 99% respectively. The quarterly Liquidity Coverage Ratio is based on the simple average of monthly observations for each quarter and are well above the minimum regulatory requirement of 50%.

The average High quality liquid assets held in Q3 and Q4 20-21 was ₹ 1,52,770 lakhs and ₹ 1,48,093 lakhs respectively and was entirely held in Government Securities which are classified as Level 1 assets with no haircut.

The net cash outflow position has gone up from ₹ 3,64,789 lakhs in Q3 to ₹ 5,98,662 lakhs in Q4. This increase of ₹ 2,33,873 lakhs is on account of Q4 being a heavy month in terms of loan maturities. The net cash inflow position reduced marginally from ₹ 5,77,852 lakhs in Q3 to ₹ 5,40,941 lakhs in Q4 driven mainly by investment surpluses in the form of term deposits and current account balances. Contracted undrawn commitments with customers constitute 18% of the stressed cash outflows. Contingent liabilities which are likely to materialize in 30 days constitute 2% of the stressed cash outflow. The company has fully hedged all its foreign currency borrowings at the time of drawal of each loan. Hence there is no risk to the company on account of derivatives or collateral calls thereof or mismatch in currency.

Liquidity Management of the company is supervised by the Asset Liability Committee. The management is of the view that the company has in place robust processes to monitor and manage liquidity risks and sufficient liquidity cover to meet its likely future short term requirements.

The company has a diversified mix of borrowings with respect to the source, type of instrument, tenor and nature of security. The Asset Liability Committee constantly reviews and monitors the funding mix and ensures the optimum mix of funds based on the cash flow requirements, market conditions and keeping the interest rate view in consideration. Additionally, the Company has lines of credit that it can access to meet liquidity needs.

These are reviewed by the Asset Liability Committee (ALCO) on a monthly basis. The Asset Liability Committee provides strategic direction and guidance on liquidity risk management. A sub-committee of the Asset Liability Committee, comprising members from the Treasury and Risk functions, monitor liquidity risks on a weekly basis and decisions are taken on the funding plan and levels of investible surplus, from the Asset Liability Management perspective. This sets the boundaries for daily cash flow management.

Notes forming part of the Standalone Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 56 LIQUIDITY COVERAGE RATIO

₹ in lakhs

Particulars	Q3 FY21-Avg	Q4 FY21-Avg
High Quality Liquid Assets	1,52,770	1,48,093
Cash Outflows:		
Deposits	-	-
Un-Secured Borrowing	92,000	1,03,450
Secured Borrowing (Incl. Securitisation Payout)	89,685	2,78,579
Additional Requirements, of which		
(i) Outflows related to derivatives exposures and other collateral requirements.	-	-
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and Liquidity facilities	-	-
Other Contractual funding obligations	1,73,299	2,05,635
Other Contingent funding obligations	9,805	10,999
Total Cash outflows	**3,64,789**	**5,98,662**
Cash Inflows		
Secured Lending	-	-
Inflows from fully performing exposures	2,16,065	2,18,462
Other cash inflows	3,61,787	3,22,479
Total Cash Inflows	**5,77,852**	**5,40,941**
TOTAL HIGH QUALITY LIQUID ASSETS	1,52,770	1,48,093
TOTAL NET CASH FLOWS	91,197	1,49,666
LIQUIDITY COVERAGE RATIO (%)	**168%**	**99%**

Note: 57 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**

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

per **Aravind K**
Partner
Membership No: 221268

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

Date : May 7, 2021
Place : Chennai

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") and its associates comprising of the consolidated Balance sheet as at March 31 2021, 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 and its associates as at March 31, 2021, 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 its 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, 2021. 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 .

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 5.3 of the Consolidated Ind AS Financial Statements)*	
Financial instruments, which include loans to customers, represents a significant portion of the total assets of the Group. The Group has loans aggregating Rs 68,28,375 lakhs as at March 31, 2021. Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Group based on the guiding principles prescribed under Ind AS 109.	• Read and assessed the Group's impairment provision policy and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13 March 2020. • Read and assessed the Group's policy with respect to moratorium and one-time restructuring pursuant to the RBI circular and tested the implementation of such policy on a sample basis

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
As explained in the notes to the financial statements for the year ended March 31, 2021, the impairment provision based on the expected credit loss model requires the management of the Group 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 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 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, 2021, the Group has made a provision for impairment loss aggregating ₹ 2,44,441 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.	• Understood the Group'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; • Obtained an understanding of the Group's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures; • Tested the ECL model, including assumptions and underlying computation. • 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 Group's IT systems); • Assessed and tested the inputs used in the impairment computation (including the data integrity of information extracted from the Group'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.

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 Group 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 Group'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 involved 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 Group 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 Group 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 Group in respect of the past periods. The Group has disputed such demands and has appealed against them at appropriate forums. As at March 31, 2021 the Group has an amount of ₹ 66,928 Lakhs. pertaining to various pending tax litigations.

Ind AS 37 requires the Group 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 Group 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 Group to ensure completeness of information with respect to tax litigations;
• Along with our tax experts, we undertook the following procedures:
  • Reading communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management;
  • Testing the accuracy of disputed amounts from the underlying communications received from tax authorities and responses filed by the Group;
  • Considered the submissions made to appellate authorities and expert opinions obtained by the Group 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.</td></tr>
</table>

Independent Auditor's Report (Contd.)

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 Ind AS 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 and its associates 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 associates 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 associates 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 Board of Directors of respective companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates 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 associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

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.

Independent Auditor's Report (Contd.)

- 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 associates 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 associates 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 associates 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.

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, 2021 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

(a) The consolidated Ind AS financial statements include the Group's share of net loss of ₹ 53 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of two associates whose financial statements and 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 to the amounts and disclosures included in respect of the associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, 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 matter.

Independent Auditor's Report (Contd.)

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, 2021 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 associates , none of the directors of the Group's companies and its associates, incorporated in India, is disqualified as on March 31, 2021 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 with reference to Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary companies and associate companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiaries and associates incorporated in India to their 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 Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates 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 Note 9 and 11 to the Consolidated Ind AS Financial Statements in respect of such items as it relates to the Group and its associates and

   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 associates incorporated in India during the year ended March 31, 2021.

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

Chartered Accountants

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

per Aravind K
Partner
Membership Number: 221268
UDIN: 21221268AAAACR7600
Place of Signature: Chennai
Date: May 7, 2021

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated ind AS Financial Statements of Cholamandalam Investment and Finance Company Limted

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, 2021, 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.

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated ind AS Financial Statements of Cholamandalam Investment and Finance Company Limted (Contd.)

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 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 31,2021, 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 Aravind K
Partner
Membership Number: 221268
Place of Signature: Chennai
Date: May 7, 2021

Consolidated Ind AS Balance Sheet

As at March 31, 2021

₹ in lakhs

	Note No.	As at March 31,2021	As at March 31,2020
ASSETS			
Financial Assets			
Cash and cash equivalents	7	1,59,323	3,49,514
Bank balances other than cash and cash equivalents	8	3,68,654	3,50,560
Derivative financial instruments	9	4,587	11,420
Receivables	10		
i) Trade receivables		5,660	3,019
ii) Other receivables		4,211	3,536
Loans	11	65,83,934	55,39,573
Investments			
i) Associate	46	2,424	2,477
ii) Others	12	1,55,925	793
Other financial assets	13	59,445	43,913
		73,44,163	**63,04,805**
Non- Financial Assets			
Current tax assets (Net)		14,767	15,947
Deferred tax assets (Net)	14	76,897	52,747
Investment property	15	13	14
Property, plant and equipment	16	20,826	26,236
Intangible assets under development		991	1,060
Other intangible assets	17	1,920	2,067
Other non-financial assets	18	4,839	2,962
		1,20,253	**1,01,033**
TOTAL ASSETS		**74,64,416**	**64,05,838**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	9	12,742	-
Payables			
(I) Trade payables			
i) Total outstanding dues of micro and small enterprises	36	-	70
ii) Total outstanding dues of creditors other than micro and small enterprises		27,930	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		20,531	9,949
Debt securities	19	12,35,767	7,32,683
Borrowings(Other than Debt Securities)	20	47,18,226	43,27,308
Subordinated Liabilities	21	4,19,006	4,40,552
Other Financial Liabilities	22	50,268	39,485
		64,84,470	**55,72,024**
Non-Financial Liabilities			
Current tax Liabilities		4,225	-
Provisions	23	11,045	9,151
Other non-financial liabilities	24	4,696	4,677
		19,966	**13,828**
Equity			
Equity share capital	25	16,407	16,398
Other equity	26	9,43,573	8,03,588
Total Equity		**9,59,980**	**8,19,986**
TOTAL LIABILITIES AND EQUITY		**74,64,416**	**64,05,838**

The accompanying notes are integral part of the Consolidated Ind AS 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 **Aravind K**
Partner
Membership No: 221268

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

Date : May 7, 2021
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, 2021

₹ in lakhs

	Note No.	Year ended March 31,2021	Year ended March 31,2020
Revenue from Operations			
- Interest income	27A	9,22,477	8,12,465
- Net gain on derecognition of financial instruments under amortised cost category		-	24,727
- Fee & commission income	27B	26,939	24,870
- Net gain on fair value change on financial instrument	27C	487	1,569
- Sale of services	27D	8,037	7,570
Total Revenue from operations (I)		**9,57,940**	**8,71,201**
Other income (II)	28	438	62
Total Income (III) = (I) + (II)		**9,58,378**	**8,71,263**
Expenses			
- Finance costs	29	4,57,554	4,59,170
- Impairment of financial instruments	30	1,32,211	89,735
- Employee benefits expense	31	79,184	70,032
- Depreciation and amortisation expense	15, 16 & 17	10,230	11,125
- Other expenses	32	74,409	82,379
Total Expenses (IV)		**7,53,588**	**7,12,441**
Profit before tax (V) = (III) - (IV)		**2,04,790**	**1,58,822**
Tax expense/(benefit)	34		
- Current tax			
- Pertaining to profit for the current period		75,320	56,791
- Adjustment of tax relating to earlier periods		392	3
- Deferred tax	14	(23,061)	(3,386)
Net tax expense (VI)		**52,651**	**53,408**
Profit for the period - A = (V) - (VI)		**1,52,139**	**1,05,414**
Share of loss from associate (net of tax)	46	(53)	(42)
Profit for the period		**1,52,086**	**1,05,372**
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)	37	(133)	(506)
Income tax impact		33	127
Net (Loss) / gain on equity instruments designated at FVOCI for the year		558	(624)
Income tax impact		-	-
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve	45.8	(4,521)	(9,232)
Income tax impact		1,138	3,261
Other comprehensive income/(loss) net of tax for the period (B)		**(2,925)**	**(6,974)**
Total Comprehensive Income net of tax (A) + (B)		**1,49,161**	**98,398**
Profit for the period attributable to :			
- Equity holders of the Parent Company		1,52,086	1,05,372
- Non-Controlling Interest		-	-
Other Comprehensive Income (net of tax) for the period attributable to :			
- Equity holders of the Parent Company		(2,925)	(6,974)
- Non-Controlling Interest		-	-
Total Comprehensive Income for the period attributable to :			
- Equity holders of the Parent Company		1,49,161	98,398
- Non-Controlling Interest		-	-
Earnings per equity share of ₹ 2 each	33		
- Basic (₹)		18.55	13.39
- Diluted (₹)		18.52	13.37

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 **Aravind K**
Partner
Membership No: 221268

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

Date : May 7, 2021
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, 2021

₹ in lakhs

a) Equity Share Capital	
Balances as on April 1, 2019	**15,643**
Add: Issue of share capital	755
Balances as on March 31, 2020	**16,398**
Add: Issue of share capital	9
Balances as on March 31, 2021	**16,407**

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	Equity Instruments through other comprehensive income	Effective portion of cashflow hedge	Total attributable to equity holders
Opening Balance as at April 01, 2020	**10**	**1,28,046**	**4**	**3,300**	**2,85,678**	**3,00,967**	**89,808**	**3,017**	**(63)**	**(7,179)**	**8,03,588**
Profit for the year	-	-	-	-	-	-	1,52,086	-	-	-	**1,52,086**
Remeasurement of defined benefit plans and fair value change	-	-	-	-	-	-	(100)	-	-	-	**(100)**
Total comprehensive income for the period, net of income tax	-	-	-	-	-	-	-	-	558	(3,383)	**(2,825)**
Dividend including DDT	-	-	-	-	-	-	(10,656)	-	-	-	**(10,656)**
Addition during the year	(10)	-	-	-	927	136	-	427	-	-	**1,480**
Utilisation of securities premium					-	-	-				-
Transfer to reserves from retained earnings during the period	-	31,000	-	-	-	75,000	(1,06,000)	-	-	-	-
Closing balance as at March 31,2021	**-**	**1,59,046**	**4**	**3,300**	**2,86,605**	**3,76,103**	**1,25,138**	**3,444**	**495**	**(10,562)**	**9,43,573**
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 period	-	-	-	-	-	-	1,05,372	-	-	-	**1,05,372**
Remeasurement of defined benefit plans and fair value change	-	-	-	-	-	-	(379)	-	-	-	**(379)**
Total comprehensive income for the period, 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 period	-	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**

The accompanying notes are integral part of the Consolidated IND AS financial statements

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

per **Aravind K**
Partner
Membership No: 221268

Date : May 7, 2021
Place : Chennai

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

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Consolidated Ind AS Cash Flow Statement

for the year ended March 31, 2021

₹ in lakhs

Particulars	Year ended March 31,2021		Year ended March 31,2020	
Cash Flow from Operating Activities				
Profit Before Tax		**2,04,790**		**1,58,822**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	10,230		11,125	
Impairment of financial instruments	1,32,211		89,735	
Finance Costs	4,57,554		4,59,170	
Loss on Sale of Property plant and equipment (Net)	54		13	
Change in fair value of financial instruments - Loss	-		140	
Net gain on fair value change in financial instruments	(487)		(1,569)	
Interest Income on bank deposits and other investments	(34,756)		(24,371)	
Dividend on Investments	(13)		(37)	
Income tax refund	(378)		-	
Share based payment expense	564		1,161	
		5,64,979		5,35,367
Operating Profit Before Working Capital Changes		**7,69,769**		**6,94,189**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
- Loans	(11,76,572)		(8,04,020)	
- Trade Receivables	(3,316)		1,481	
- Other Financial Assets	(15,532)		(28,937)	
- Other Non Financial Assets	(1,877)	(11,97,297)	(210)	(8,31,686)
Proceeds from de-recognition of financial assets recognised at amortised cost		-		4,35,789
Increase/(Decrease) in operating liabilities & Provisions				
- Payables	16,332		(4,567)	
- Other Financial liabilities	13,954		5,384	
- Provisions	1,894		1,685	
- Other Non-Financial liabilities	19	32,199	(873)	1,629
Cash Flow used in Operations		**(3,95,329)**		**2,99,921**
Finance Costs paid	(4,54,493)		(4,71,458)	
Interest Received on Bank Deposits and Other Investments	35,543		21,660	
Dividend received	13		37	
		(4,18,937)		(4,49,761)
		(8,14,266)		(1,49,840)
Income tax paid (Net of refunds)		(69,929)		(57,637)
Net Cash Used in Operating Activities (A)		**(8,84,195)**		**(2,07,477)**
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(3,289)		(7,156)	
Proceeds from Sale of Property, Plant and Equipment	150		108	
Movement in investments (net)	(1,54,089)		1,643	
Net Cash Used in Investing Activities (B)		**(1,57,228)**		**(5,405)**

Consolidated Ind AS Cash Flow Statement (Contd.)

for the year ended March 31, 2021

₹ in lakhs

Particulars	Year ended March 31,2021		Year ended March 31,2020	
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		936		1,19,584
Payment of Lease liabilities		(5,656)		(4,877)
Proceeds from issue of debt securities	18,76,079		19,40,525	
Redemption of Debt securities	(13,75,181)		(26,09,365)	
Borrowing - Other than debt securities	48,33,850		44,91,409	
Repayment of borrowing - Other than debt securities	(44,29,191)		(33,93,350)	
Proceeds from issue of subordinated liabilities	14,500		45,000	
Repayment of subordinated liabilities	(34,650)		(29,500)	
		8,85,407		4,44,719
Investment in Bank Fixed Deposits (Net of withdrawals)		(18,445)		(2,94,218)
Dividends Paid (Including Distribution Tax)		(10,655)		(20,027)
Net Cash Flow From Financing Activities (C)		**8,51,587**		**2,45,181**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(1,89,836)**		**32,299**
Cash and Cash Equivalents at the Beginning of the Year (Refer Note below)		3,48,457		3,16,158
Cash and Cash Equivalents at the End of the period (Refer Note Below)		**1,58,621**		**3,48,457**
Note:				
Cash and Cash Equivalents at the End of the period as per Balance Sheet		1,59,323		3,49,514
Less: On Other bank balances		702		1,057
Cash and cash equivalents for cashflow purpose		1,58,621		3,48,457

The accompanying notes are integral part of the Consolidated financial statements

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

per **Aravind K**
Partner
Membership No: 221268

Date : May 7, 2021
Place : Chennai

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

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
Chairman

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, 2021

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 Associates as at March 31, 2021. 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, 2021

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 on Business

The COVID-19 pandemic has affected several countries across the world, including India, Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates has considerably impacted company's business operations during the year ended March 31, 2021.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020.

The impact of COVID-19 pandemic including the ongoing "second wave", on Company's operations and financial metrics, will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications including in respect of Expected Credit Loss (ECL) provisioning, as at March 31, 2021, and has made cumulative expected credit loss provision for loans as on March 31, 2021 which aggregates to ₹ 2,44,441 lakhs (₹ 1,52,297 lakhs for March 31, 2020). The Company holds a management overlay of ₹ 1,10,024 lakhs as at March31, 2021 (₹ 53,445 lakhs - March 31, 2020) as part of its ECL provision.

Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

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, 2021	March 31, 2020
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Home Finance Limited (CHFL)	100.00%	100.00%
White Data Systems India Private Limited	30.87%	30.87%
Vishvakarma Payments Private Limited	21.00%	-

3B Investment in Associates

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 associates are accounted for using the equity method. Under the equity method, the investment in an associates 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 associates since the acquisition date. Goodwill relating

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

to the associates 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 associates. 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 associates, 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 associates are eliminated to the extent of the interest in the associates.

If an entity's share of losses of an associates equal or exceeds its interest in the associates (which includes any long-term interest that, in substance, form part of the Group's net investment in the associates), 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 associates. If the associates 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 associates is shown on the face of the statement of profit and loss.

The financial statements of the associates 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 associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associates.

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates 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.

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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

5.1.4 Financial assets and liabilities

5.1.4.1 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.

5.1.4.1.1 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.

5.1.4.1.2 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.

5.1.5 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.

5.1.6 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.

5.1.7 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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

5.1.8 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 due to substantial modification

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

5.2.2 Derecognition of financial assets other than due to substantial modification

5.2.2.1 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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

5.2.2.2 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.

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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 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

The Group considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, unemployment rates etc., as considered relevant so as to determine the impact of macro-economic factors on the Group's ECL estimates.

The inputs and models used for calculating ECLs are recalibrated periodically through the use of available incremental and recent information. Further, internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

5.4 Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the Group 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.

Loans which have been renegotiated or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21- Resolution Framework for COVID-19 related Stress and RBI/2020-21/17 DOR. No.BP.BC/4/21.04.048/2020-21- Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

have been classified as Stage 2 due to significant increase in credit risk.

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:

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 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.

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 the 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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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
- 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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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

*The Group, based on technical assessment made by technical expert and management estimate, depreciates Furniture & Fixtures and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

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.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 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.

5.19.3 Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 becomes a critical judgement.

Further, the Group also made an investment in the Government securities in order to comply the liquidity ratio compliance as required by RBI pursuant to its master directions. The Group intends to hold these assets till maturity expects that any sale if any necessitated by requirements are likely to be infrequent and immaterial. Accordingly the related assessment becomes a critical judgement to determine the business model for such financial assets under Ind AS.

Refer Note 5.1.4.1.1 for related details.

6B. Amendments to Ind AS 116: COVID-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no significant impact on the Consolidated financial statements of the group.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 7 CASH AND CASH EQUIVALENTS		
Cash on hand	3,180	330
Balances with banks		
- In Current Accounts	1,49,570	61,856
- In Deposit Accounts - Original maturity 3 months or less	2,901	2,86,130
Cheques, drafts on hand	2,970	141
On other bank balances		
- On client and exchange related accounts & other deposits	702	1,057
Total	**1,59,323**	**3,49,514**
Cash and cash equivalents	1,59,323	3,49,514
Less: Other bank balances	702	1,057
Cash and cash equivalents for cashflow purpose	**1,58,621**	**3,48,457**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note 8 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
- In Deposit Accounts - Original maturity more than 3 months	2,78,758	3,11,805
- Non current bank balances	836	837
- In earmarked accounts		
- In Unpaid Dividend Accounts	74	73
- Deposits with Banks as collateral towards securitisation loan	31,978	37,837
- Deposits with Banks as collateral towards Overdraft facility (Refer Note 20)	57,000	-
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**3,68,654**	**3,50,560**

₹ in lakhs

Particulars	As at 31st March 2021			As at 31st March 2020		
	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	2,24,373	2,634	914	2,34,373	11,420	-
(ii) Interest rate Swaps	1,40,286	1,953	-	-	-	-
(iii) Forward Contracts	1,40,286	-	11,828	-	-	-
Total Derivative financial Instruments	**5,04,945**	**4,587**	**12,742**	**2,34,373**	**11,420**	**-**
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	2,24,373	2,634	914	2,34,373	11,420	-
(ii) Interest rate Swaps	1,40,286	1,953	-	-	-	-
(iii) Forward Contracts	1,40,286	-	11,828	-	-	-
Total Derivative financial Instruments	**5,04,945**	**4,587**	**12,742**	**2,34,373**	**11,420**	**-**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note 9 : DERIVATIVE FINANCIAL INSTRUMENTS (Contd.)

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction represents Currency ,Interest Rate Swaps and forward contracts . The Group undertakes such transactions for hedging interest/foreign exchange risk on borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

The notional amount for interest rate swap represents the foreign currency borrowing on which Company has entered to hedge the variable interest rate.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 10 RECEIVABLES		
(i) Trade Receivables		
Considered Good*	5,064	2,687
Unsecured - Considered good	597	332
	5,661	3,019
Provision for Impairment on receivables	(1)	-
	5,660	**3,019**
Trade Receivables credit impaired	44	17
Provision for Impairment on receivables	(44)	(17)
Total Trade receivables		
Considered good	5,661	3,019
Trade Receivables credit impaired	44	17
Total	**5,705**	**3,036**
Provision for Impairment on receivables	(45)	(17)
Subtotal (i)	**5,660**	**3,019**
(ii) Other Receivables		
Considered Good*	4,211	3,536
Subtotal (ii)	**4,211**	**3,536**
Total (i)+(ii)	**9,871**	**6,555**

*Includes dues from related parties(Refer Note 39)

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 March 31,2021	As at March 31,2020
Note : 11 LOANS (At amortised cost)		
(A)		
(i) Bills Discounted	13,417	8,598
(ii) Term loans	68,14,958	56,83,272
Total (A) - Gross	**68,28,375**	**56,91,870**
Less: Impairment Allowance for (i) & (ii)	(2,44,441)	(1,52,297)
Total (A) - Net	**65,83,934**	**55,39,573**
(B)		
(i) Secured	67,85,357	56,63,436
(ii) Unsecured	43,018	28,434
Total (B) - Gross	**68,28,375**	**56,91,870**
Less: Impairment Allowance	(2,44,441)	(1,52,297)
Total (B) - Net	**65,83,934**	**55,39,573**

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 and / or equipments

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:

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 11 LOANS (At amortised cost)

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Loan - Oustanding Value		
White Data System India Private Limited - Associate	340	340
Impairment Provision		
White Data System India Private Limited - Associate*	0	0

* Represents amount less than ₹ 50,000

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, 2020	5,141	43	3,414	8,598	31	4	3,173	3,208
New assets originated / Increase in existing assets (Net)	9,678	-	430	10,108	57	-	125	182
Exposure de-recognised / matured / repaid	(5,141)	-	(147)	(5,288)	(31)	-	(103)	(134)
Transfer to Stage 3	-	(43)	42	(1)	-	(4)	4	-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	38	38
Impact of changes on items within the same stage	-	-	-	-	-	-	197	197
Closing as on March 31, 2021	**9,678**	**-**	**3,739**	**13,417**	**57**	**-**	**3,434**	**3,491**
Term loans								
Opening as on April 1, 2020	52,68,333	2,02,022	2,12,917	56,83,272	39,091	23,342	86,656	1,49,089
New assets originated / Increase in existing assets (Net)	24,24,901	15,298	7,604	24,47,803	37,558	6,175	2,704	46,437
Exposure de-recognised / matured / repaid	(11,85,261)	(58,821)	(47,464)	(12,91,546)	(20,163)	(4,486)	(8,028)	(32,677)
Transfer to Stage 1	65,509	(56,814)	(8,695)	-	8,889	(6,055)	(2,834)	-
Transfer to Stage 2	(3,52,885)	3,59,980	(7,095)	-	(8,308)	10,745	(2,437)	-
Transfer to Stage 3	(81,332)	(43,717)	1,25,049	-	(2,120)	(5,357)	7,477	-
Impact on account of exposures transferred during the period between stages	139	10,451	7,862	18,452	112	48,112	34,511	82,735
Impact of changes on items within the same stage	-	-	8,382	8,382	-	-	19,077	19,077
Write off	(14,318)	(5,290)	(31,797)	(51,405)	(1,388)	(1,512)	(20,811)	(23,711)
Closing as on March 31, 2021	**61,25,086**	**4,23,109**	**2,66,763**	**68,14,958**	**53,671**	**70,964**	**1,16,315**	**2,40,950**
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 year between stages (net)	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	146	146
Closing as on March 31, 2020	**5,141**	**43**	**3,414**	**8,598**	**31**	**4**	**3,173**	**3,208**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 11.1 LOANS (Contd.)

₹ in lakhs

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
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 year 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**

ECL across stages have been computed on collective basis.

The Group uses Days past due of the customer to determine the credit quality of loans

₹ in lakhs

	Particulars	As at March 31,2021	As at March 31,2020
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
b)	**Unquoted - FVTPL**		
	Faering Capital India Evolving Fund 21,662 units (as on March 31, 2020 - 27,263 units) of ₹10 each fully paid up	288	302
c)	**Quoted - FVOCI**		
	Bombay Stock Exchange Limited 65,000 Equity shares of ₹ 1 each(as on March 31, 2020) of ₹ 2 each fully paid up	371	194
	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	675	295
d)	**Investment in Government Securities - amortised cost** (Issued by Government of India)	1,54,589	-
Total		**1,55,925**	**793**

*Investments are made in India

** The Group has designated certain unquoted investments as FVOCI on the basis that these are not held for trading.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 12 INVESTMENTS (Contd.)

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to Investment at Amortised Cost

Particulars	Gross carrying amount - Stage 1	Impairment allowance - Stage 1
Opening as on April 1, 2020	-	-
New assets originated	1,54,589	-
Exposure matured / repaid	-	-
Closing as on March 31, 2021	1,54,589	-

represents amount less than ₹ 1 lakh.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 13 OTHER FINANCIAL ASSET		
At amortised cost		
Unsecured - considered good (unless otherwise stated)		
Security deposits	5,397	4,949
Interest only strip receivable	41,406	35,782
Covid Ex-gratia Claim Receivable	9,647	-
Other advances (Refer Note 39)	2,995	3,182
Total	**59,445**	**43,913**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 14 DEFERRED TAX		
Deferred Tax Assets		
Impairment allowance for financial instruments	61,471	37,741
Provision for Contingencies and undrawn commitments	1,132	1,004
Provision for Claw back	-	1
Provision for Compensated Absences and Gratuity	1,812	1,313
Impact of Effective interest rate adjustment on Financial Assets	6,281	7,815
Contract liability as per IND AS 115	262	413
Difference in depreciation as per Books of Accounts and Income Tax Act, 1961	1,604	968
Carry forward of tax losses	-	254
MAT credit entitlement	26	293
Items recognised in OCI	3,933	2,762
Others	637	607
(A)	**77,158**	**53,171**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	261	424
(B)	**261**	**424**
Net Deferred Tax Assets (A) - (B)	**76,897**	**52,747**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 14 DEFERRED TAX (Contd.)

₹ in lakhs

Particulars	Year ended March 31,2021 Income Statement	OCI	Year ended March 31,2020 Income Statement	OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	(23,730)	-	(5,311)	-
Provision for Contingencies and undrawn commitments	(128)	-	375	-
Provision for Claw back	1	-	4	-
Provision for Compensated Absences and Gratuity	(499)	-	(33)	-
Impact of Effective interest rate adjustment on Financial Assets	1,534	-	1,946	-
Contract liability as per IND AS 115	151	-	582	-
Difference in depreciation as per Books of Accounts and Income Tax Act, 1961	(636)	-	(297)	-
Carry forward of tax losses and MAT entitlement credit	439	-	11	-
Others	(30)	-	(231)	-
(A)	**(22,898)**	**-**	**(2,954)**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	163	-	432	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	33	-	127
Cashflow Hedge Reserve	-	1,138	-	3,261
(B)	**163**	**1,171**	**432**	**3,388**
Net deferred tax charge / (reversal) (A) - (B)	**(23,061)**	**(1,171)**	**(3,386)**	**(3,388)**

Pursuant to the Taxation Laws (Amendment) Bill 2019, passed on 25th November 2019, the Group 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 previous year.

₹ in lakhs

Particulars	Total
Note : 15 INVESTMENT PROPERTIES	
Gross carrying amount as at April 1, 2019	**14**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2020	**14**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2021	**14**
Accumulated depreciation and impairment	
Balance as at April 1, 2019	**0**
Depreciation for the year	0
Depreciation on disposals	-
Balance as at March 31, 2020**	
Depreciation for the period	1
Depreciation on disposals	0
Balance as at March 31, 2021**	**1**
Net Carrying amount	
As at March 31, 2020	**14**
As at March 31, 2021	**13**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

The Group's investment property consists of 4 properties and has let out one property as at March 31, 2021

** represents amount less than ₹ 100,000

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 15 INVESTMENT PROPERTIES (Contd.)

i) Income earned and expense incurred in connection with Investment Property

₹ in lakhs

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
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.

iv) Fair Value

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Investment Property	304	299

v) Sensitivity analysis

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value (₹ in lakhs)	Sensitivity (₹ in lakhs)
Investment property As at March 31 2021	Based on Market value	Price per Sq. feet	₹7,000 - ₹13,000 per Sq. feet	5%	304	15
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

₹ in lakhs

Note : 16 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below) Own Assets	Buildings (Refer Note below) Right of Use Asset	Total
Gross carrying amount as at April 1, 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**
Additions	-	1,447	169	81	142	218	-	1,563	3,620
Disposals	-	25	24	6	14	408	-	37	514
Gross carrying amount as at March 31, 2021	**3,956**	**9,813**	**2,993**	**2,538**	**5,169**	**1,796**	**2,305**	**16,815**	**45,385**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 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**
Depreciation for the period	-	1,975	539	296	911	390	43	4,645	8,799
Depreciation on disposals	-	17	13	6	12	224	-	11	283
Balance as at March 31, 2021	**-**	**7,288**	**1,982**	**2,014**	**3,378**	**838**	**166**	**8,893**	**24,559**
Net Carrying amount									
As at March 31, 2020	**3,956**	**3,061**	**1,392**	**739**	**2,562**	**1,314**	**2,182**	**11,030**	**26,236**
As at March 31, 2021	**3,956**	**2,525**	**1,011**	**524**	**1,791**	**958**	**2,139**	**7,922**	**20,826**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation	Straight-line method								

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 16 PROPERTY, PLANT AND EQUIPMEN (Contd.)

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. 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.

₹ in lakhs

Particulars	Computer Software
Note : 17 INTANGIBLE ASSETS	
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**
Additions	1,284
Disposals	-
Gross carrying amount as at March 31, 2021	**8,044**
Accumulated Amortization and impairment	
Balance as at April 1, 2019	**3,159**
Amortization for the year	1,738
Amortization on disposals	204
Balance as at March 31, 2020	**4,693**
Amortization for the period	1,431
Amortization on disposals	-
Balance as at March 31, 2021	**6,124**
Net Carrying amount	
As at March 31, 2020	**2,067**
As at March 31, 2021	**1,920**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 18 OTHER NON FINANCIAL ASSETS		
Unsecured - considered good		
Prepaid expenses	1,563	1,489
Capital advances	1,012	114
Other assets	81	424
GST Input Credit	2,183	935
Total	**4,839**	**2,962**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 19 DEBT SECURITIES (at amortised cost)		
Redeemable Non-Convertible Debentures Medium - Term - Secured	9,34,263	5,74,418
Commercial Papers - Unsecured	3,01,504	1,58,265
Total	**12,35,767**	**7,32,683**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 17 INTANGIBLE ASSETS (Contd.)

All debt securities have been contracted 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, Loan against property, 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.

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		Due date of redemption	Rate of interest %
		March 31,2021 ₹ in lakhs	March 31,2020 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
5,000	10,00,000	50,000	-	Jul-25	7.92
1,500	10,00,000	15,000	-	Oct-24	6.80
3,000	10,00,000	30,000	-	Jul-24	7.38
1,500	10,00,000	15,000	15,000	Apr-24	8.62
5,850	10,00,000	58,500	-	Feb-24	6.45
5,500	10,00,000	55,000	-	Dec-23	6.10
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,500	10,00,000	15,000	-	May-23	7.50
3,250	10,00,000	32,500	-	Apr-23	6.26
8,000	10,00,000	80,000	-	Mar-23	5.85 to 5.68
3,350	10,00,000	33,500	13,500	Feb-23	5.70 to 7.41
5,900	10,00,000	59,000	10,000	Dec-22	5.48 to 7.98
6,150	10,00,000	61,500	15,000	Nov-22	5.45 to 8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
2,000	10,00,000	20,000	-	Jun-22	7.20
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
2,000	10,00,000	20,000	-	Dec-21	6.93
3,523	10,00,000	35,230	35,230	Sep-21	8.45
3,250	10,00,000	32,500	12,500	Aug-21	6.74 to 8
2,550	10,00,000	25,500	25,500	Jul-21	8.98
4,010	10,00,000	40,100	40,100	Jun-21	8.49 to 8.52
4,100	10,00,000	41,000	-	May-21	6.90
4,770	10,00,000	47,700	47,700	Apr-21	8.09
1,500	10,00,000	-	15,000	Mar-21	8.85
600	10,00,000	-	6,000	Feb-21	9.09
1,350	10,00,000	-	13,500	Jan-21	8.11
3,500	10,00,000	-	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	-	17,500	Oct-20	7.75
2,200	10,00,000	-	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	-	48,000	May-20	8.12 to 8.90
800	10,00,000	-	8,000	Apr-20	8.10 to 9.02
		8,50,490	**4,62,990**		

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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 March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
1250	10,00,000	12,500	-	Jul-25	14,61,481	4,61,481
850	10,00,000	8,500	-	Jul-25	13,53,045	3,53,045
500	10,00,000	5,000	5,000	Jan-23	12,54,470	2,54,470
250	10,00,000	2,500	-	Dec-24	12,93,960	2,93,960
350	10,00,000	3,500	-	Oct-24	13,01,025	3,01,025
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	-	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	-	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	-	20,500	May-20	12,63,916	2,63,916
190	10,00,000	-	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	-	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	-	8,000	Apr-20	12,74,682	2,74,682
		43,000	**72,900**			

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Put option

No. of Debentures	Face Value ₹	Balance as at March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		100	**100**			

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 20 BORROWINGS (Other than Debt Securities) at amortised cost		
A) Term Loans		
(i) (a) From Banks - Secured		
- Rupee Loans	35,68,218	32,96,247
- Foreign currency Loans	-	11,788
- External Commercial Borrowings	2,39,869	2,47,326
(b) From Banks - Unsecured		
- Short term loans	20,000	-
ii) From Other Parties - Secured		
(a) Financial Institutions - Rupee Loans	1,72,786	1,63,258
(b) External Commercial Borrowings	1,37,230	-
(c) Securitisation - Rupee Loans	4,34,452	4,63,131
B) Loan repayable on demand - Secured from Banks - Rupee Loans (Refer Note 8)	1,45,671	1,45,558
Total	**47,18,226**	**43,27,308**
Borrowings within India	43,41,127	40,79,982
Borrowings Outside India	3,77,099	2,47,326

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 20 BORROWINGS (Contd.)

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 Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group 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	
			March 31,2021	March 31,2020
Base Rate / MCLR	< 1year	1	86,250	1,05,833
		2	1,25,016	1,38,750
		3	30,000	57,188
		4	1,78,750	53,334
		8	60,395	60,000
		12	20,000	-
	1 - 2 years	1	1,40,000	92,917
		2	1,92,917	96,667
		4	1,92,949	1,92,084
		8	60,395	60,000
		12	20,000	-
	2 - 3 years	1	33,333	1,30,000
		2	1,22,500	2,48,751
		4	1,61,699	79,582
		8	60,395	60,000
		12	20,000	-
	3 - 4 years	1	10,000	8,333
		2	80,000	1,63,334
		4	1,41,699	60,000
		6	7,796	-
		8	-	60,000
		12	20,000	-
	4 - 5 years	1	5,000	21,665
		2	-	90,000
		3	57,441	-
		4	25,111	40,000
		7	-	9,375
		9	15,000	-
	> 5 Years	1	-	5,000
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	3,85,000	3,37,500
		2	-	-
		3	50,000	-
		4	-	80,000
	1 - 2 years	1	35,000	4,92,500
		2	30,000	-
		3	50,000	18,750

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

20.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding March 31,2021	Amount outstanding March 31,2020
		4	-	72,500
		6	-	12,500
	2 - 3 years	1	70,000	18,750
		2	30,000	30,000
		3	50,000	-
		4	-	72,500
		6	-	12,500
	3 - 4 years	1	-	12,500
		2	-	30,000
		4	-	72,500
		6	-	12,500
	4- 5 years	1	-	-
		2	-	5,000
	>5 Years	-		-
Rate based on T Bill + Spread	< 1 year	1	48,200	74,400
		2	15,000	32,500
		4	41,667	
	1 - 2 years	1	41,050	29,400
		2	12,500	
		4	66,667	25,000
	2 - 3 years	1	25,000	29,400
		2	-	12,500
		3	12,500	-
		4	50,000	-
	3 - 4 years	1	-	-
	4 - 5 years	3	-	-
Fixed Rate	< 1year	1	51,000	-
		2	16,000	12,200
		4	40,400	28,000
	1 - 2 years	1	20,000	-
		2	10,000	6,000
		4	39,400	40,400
	2 - 3 years	2	43,300	-
		4	24,400	39,400
	3 - 4 years	2	55,400	-
		4	-	24,400
	4 - 5 years	2	43,400	12,100
3Months Repo	< 1year	1	42,500	-
		2	15,000	-
		3	3,333	-
		4	82,976	18,000
		8	36,000	-
		12	83,333	-
	1 - 2 years	1	8,333	30,000
		2	15,000	-
		3	3,333	-
		4	49,643	-
		8	36,000	36,000
		12	83,333	-
		1	8,333	-
	2 - 3 years	2	15,000	-
		3	3,334	-
		4	49,643	-
		6	41,667	-
		8	-	36,000

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

20.2 Details of term loans - Contractual principal repayment value (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding* March 31,2021	March 31,2020
	3 - 4 years	1	10,119	-
		3	3,750	-
		4	37,500	-
Total			**38,50,660**	**35,98,513**
USD 2Y MIBOR + Spread	< 1year	1	-	4,000
	1-2 years	1	7,500	-
USD 3M LIBOR + Spread	< 1year	2	5,202	11,668
	1-2 years	1	-	-
		4	20,807	-
	2-3 years	4	20,807	-
USD 6M LIBOR + Spread	< 1 year	1	-	-
	3 - 4 years	4	20,807	-
	4 - 5 years	4	20,807	-
	>5 Years	9	46,815	-
USD 6M LIBOR + Spread	< 1year	1	36,553	-
	1-2 years	1	1,31,589	37,830
	2-3 years	1	-	1,36,188
	3 - 4 years	1	67,257	-
	4 - 5 years	1	-	69,607
Total			**3,78,144**	**2,59,293**

Details of Securitised loan

Rate of Interest	Maturity	Amount outstanding* March 31,2021	March 31,2020
	Less than 1 year	1,75,343	1,58,012
Fixed	1-2 year	1,09,355	1,24,382
(4.9% to 8%)	2-3 year	45,570	54,213
	3-4 year	12,428	15,261
	4-5 year	4,451	5,593
	more than 5 years	12,990	17,222
Total		**3,60,137**	**3,74,683**
	Less than 1 year	6,501	6,753
Floating	1-2 year	6,925	7,928
Base Rate/ MCLR - spread	2-3 year	7,459	8,439
(0.75% to 2.65%)	3-4 year	7,866	9,088
	4-5 year	7,832	9,411
	more than 5 years	37,198	46,706
Total		**73,781**	**88,325**

* 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 March 31,2021	As at March 31,2020
Note : 21 SUBORDINATED LIABILITIES (at amortised cost)		
Perpetual Debt - Unsecured	1,48,920	1,49,597
Subordinated Debt - Unsecured		
a) Rupee Denominated Bonds	40,684	40,677
b) Other Subordinated Debts	2,29,402	2,50,278
Total	**4,19,006**	**4,40,552**

(i) All Subordinated liabilities have been contracted in India except for Rupee denominated bonds.

(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, 2021

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 March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Due date of redemption	Rate of interest %
400	1,00,00,000	40,000	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	Mar-21	11.00
100	10,00,000	-	1,000	Feb-21	11.00
150	10,00,000	-	1,500	Oct-20	11.00
500	10,00,000	-	5,000	Jul-20	10.70
115	10,00,000	-	1,150	May-20	11.00
1,000	10,00,000	-	10,000	Apr-20	11.00
750	10,00,000	-	-	Dec-19	11.50
		2,59,500	**2,79,150**		

(ii) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt -Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ 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 March 31,2021 ₹ in lakhs	Balance as at March 31,2020 ₹ in lakhs	Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
2000	5,00,000	10,000	-	Mar-31	9.25
900	5,00,000	4,500	-	Nov-30	9.30
1000	5,00,000	5,000	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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

21.1 Details of Subordinated Liabilities - Contractual principal repayment value (Contd.)

No. of Debentures	Face Value ₹	Balance as at 31.03.2021 ₹ in lakhs	Balance as at 31.03.2020 ₹ in lakhs	Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
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	Oct-20	12.05
		1,45,170	**1,45,670**		

Company can redeem using Call option on the maturity date with prior approval of RBI.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 22 OTHER FINANCIAL LIABILITIES		
Unpaid dividend	74	73
Advance from customers	5,529	1,999
Security deposits received	80	216
Collections towards derecognised assets pending remittance	18,928	15,955
Lease liability (Refer Note 49)	9,253	12,425
Other liabilities	16,404	8,817
Total	**50,268**	**39,485**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 23 PROVISIONS		
Provision for Employee Benefits		
Compensated absences	6,594	5,182
	6,594	**5,182**
Other Provisions		
Provision for contingencies and service tax claims (Refer note 41)	4,347	3,838
Provision for expected credit loss towards undrawn commitments (Refer note 41)	104	131
	4,451	**3,969**
Total	**11,045**	**9,151**

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 24 OTHER NON FINANCIAL LIABILITIES		
Income received in advance	1,150	1,712
Statutory liabilities	2,687	2,010
Others	859	955
Total	**4,696**	**4,677**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	As at March 31,2021 Nos.	Amount	As at March 31,2020 Nos.	Amount
Note : 25 EQUITY SHARE CAPITAL				
AUTHORISED				
Equity Shares of ₹ 2 each with voting rights	1,20,00,00,000	24,000	1,20,00,00,000	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 with voting rights	82,07,18,899	16,407	82,02,61,529	16,405
		16,407		**16,405**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each with voting rights	82,00,35,129	16,400	81,95,77,759	16,391
Add : Forfeited Shares	6,54,500	7	6,54,500	7
		16,407		**16,398**

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 March 31,2021 Nos.	Amount	As at March 31,2020 Nos.	Amount
Equity Shares				
At the beginning of the period	81,95,77,759	16,391	15,63,59,113	15,636
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	4,57,370	9	3,11,400	5
Outstanding at the end of the period/ year	**82,00,35,129**	**16,400**	**81,95,77,759**	**16,391**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**6,54,500**	**7**

Terms/rights attached to Equity shares

The Company has only one class of equity shares having a par value of ₹ 2 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 March 31,2021	As at March 31,2020
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited") - Holding Company	37,28,85,889	37,28,85,889

c) Details of shareholding more than 5% shares in the Company

₹ in lakhs

Particulars	As at March 31,2021 Nos.	% holding in the class	As at March 31,2020 Nos.	% holding in the class
Equity Shares				
Cholamandalam Financial Holdings Limited - Holding Company	37,28,85,889	45.47	37,28,85,889	45.50

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 25 EQUITY SHARE CAPITAL (Contd.)

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 on preferential basis.

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 26 OTHER EQUITY		
Statutory Reserve (Refer Note a)		
Balance at the beginning of the year	1,28,046	1,06,046
Add: Amount transferred from retained earnings	31,000	22,000
Closing balance at the end of the year	**1,59,046**	**1,28,046**
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	2,85,678	1,66,850
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	927	499
Less: Share issue expenses	-	(921)
Closing balance at the end of the year	**2,86,605**	**2,85,678**
General Reserve (Refer Note e)		
Balance at the beginning of the year	3,00,967	2,50,967
Add: Amount transferred from retained earnings	75,000	50,000
Add: Amount transferred from Share Based Payment Reserve	136	-
Closing balance at the end of the year	**3,76,103**	**3,00,967**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the year	3,017	1,861
Addition during the year	563	1,156
Transfer to General reserve	(136)	-
Closing balance at the end of the year	**3,444**	**3,017**
Retained Earnings (Refer Note g)		
Balance at the beginning of the year	89,808	76,848
Profit for the year	1,52,086	1,05,372
Less:		
Dividend		
Equity - Final	-	(8,798)
Equity - Interim	(10,656)	(7,819)

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Particulars	As at March 31,2021	As at March 31,2020
Distribution tax on Equity Dividend	-	(3,416)
Transfer to Statutory Reserve	(31,000)	(22,000)
Transfer to General Reserve	(75,000)	(50,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligation (Net) transferred to Retained Earnings	(100)	(379)
Closing balance at the end of the year	**1,25,138**	**89,808**
Cashflow hedge reserve (Refer Note h)		
Balance at the beginning of the year	(7,179)	(1,208)
Addition	(3,383)	(5,971)
Closing balance at the end of the year	**(10,562)**	**(7,179)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the year	(63)	561
Addition	558	(624)
Deduction	-	-
Closing balance at the end of the year	**495**	**(63)**
Share Application Money pending Allotment at the end of the period /year (Refer note j)	**-**	**10**
Total Other Equity	**9,43,573**	**8,03,588**

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.

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 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.

Proposed Dividend

The Board of Directors of the Company have recommended a final dividend of 35% being ₹ 0.70 per share on the equity shares of the Company, for the year ended March 31, 2021 (₹ nil per share - March 31, 2020) which is subject to approval of shareholders. Consequently the proposed dividend has not been recorded in the books in accordance with IND AS 10.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
REVENUE FROM OPERATIONS		
Note: 27A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
- Bills Discounting	766	721
- Term Loans	8,86,955	7,83,412
(b) Bank Deposits		
- under lien	2,147	3,845
- free of lien	27,009	20,526
(c) Other Deposits		
- Deposits with Financial Institutions	2,299	3,961
- Investment in Government Securities	3,301	-
Total (A)	**9,22,477**	**8,12,465**
Note: 27B		
(i) Fee & Commission income *		
- Term loans	20,685	18,987
- Others	6,254	5,883
Total (B)	**26,939**	**24,870**
*Services are transferred at a point in time		
Note: 27C		
Net gain on fair value changes on FVTPL - Realised		
- Income from mutual funds	487	1,569
Total (C)	**487**	**1,569**
Note: 27D		
(i) Sale of Services (Refer note below)		
(a) Servicing and Collection fee on Assignment	691	485
(b) Other Service Income	7,346	7,085
Total (D)	**8,037**	**7,570**
Note: Timing of revenue recognition		
Services transferred at a point in time	7,437	6,970
Services transferred over a time	600	600
Total	**8,037**	**7,570**

Details related to services transferred over a time

a) Contract balances

₹ in lakhs

Particulars	As at March 31, 2021	As at March 31, 2021
Contract Liabilities	1,041	1,641

Contract liability relates to payments received in advance of performance under the contract. Contract liability is recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Contract liability at the beginning of the period	1,641	2,241
Revenue Recognised during the period	600	600
Contract liability at the end of the period	1,041	1,641

c) Total Revenue from contracts with Customer

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Total Revenue from contracts with Customer*	34,976	32,440

*Represents fee income (note 27 B) and sale of services (note 27 D)

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 27 REVENUE FROM OPERATIONS (Contd.)

d) Due to Group's nature of business and the type of contracts entered with the customers, the Group 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, 2020)

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 March 31,2021	Year ended March 31,2020
Note : 28 OTHER INCOME		
Interest Income		
on Income tax refund	378	-
Dividend Income from long-term investments	13	37
Rent	25	9
Profit on sale of Fixed Assets (Net)	2	-
Miscellaneous Income	20	16
Total	**438**	**62**

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 29 FINANCE COSTS		
Interest on financial liabilities measured at amortised cost		
- Debt Securities	74,325	1,01,821
- Borrowings Other than Debt securities	3,37,890	3,12,236
- Subordinated Liabilities	42,835	42,567
Others		
- Bank charges	1,546	1,363
- Interest on lease liability	958	1,183
Total	**4,57,554**	**4,59,170**

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 30 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
Loss Assets Written Off (Net) / disposal of repossessed assets*	40,066	30,427
Impairment provision- Loans - measured at amortised cost	92,145	59,308
Total	**1,32,211**	**89,735**

* Includes Loss on disposal of repossessed vehicles - Gross - Lakhs for the year ended March 31, 2021 - ₹ 27,211 (₹ 31,314 lakhs - March 31, 2020)

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 31 EMPLOYEE BENEFITS EXPENSE		
Salaries, Bonus and Commission	73,482	62,799
Contribution to Provident and Other Funds		
- Employees' Provident Fund	3,006	2,913
- Superannuation Fund	344	333
Share based employee payments	564	1,161
Gratuity Expense (Refer note 37)	1,136	982
Staff Welfare Expenses	652	1,844
Total	**79,184**	**70,032**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 32 OTHER EXPENSES		
Rent and facility charges	625	1,187
Rates and Taxes	2,098	1,197
Energy cost	1,011	1,444
Repairs and Maintenance	360	409
Communication Costs	2,814	3,104
Business development expense	34	27
Brokerage	290	161
Printing and Stationery	1,233	1,456
Advertisement and publicity Expenses	1,267	1,454
Directors Fees, allowances and expenses	110	87
Auditors' Remuneration	99	169
Legal and Professional Charges	4,277	4,527
Insurance	1,647	1,579
Travelling and Conveyance	2,677	5,683
Information Technology Expenses	3,309	2,569
Loss on Sale of Property, Plant and Equipment (Net)	54	13
Change in fair value of financial instruments	-	140
Recovery Charges	26,657	28,959
Corporate Social Responsibility Expenditure((Refer Note 32.1)	3,207	2,888
Outsource cost	22,469	24,017
Miscellaneous Expenses (Refer note 32.2)	293	1,452
	74,531	82,522
Less : Expenses Recovered	(122)	(143)
Total	**74,409**	**82,379**

32.1 Details of CSR expenditure

	Year ended March 31,2021	Year ended March 31,2020
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013 (A)	3,207	2,887
Amount spent during the year (B)		
(a) Construction/ acquisition of asset	-	-
(b) Others	3,207	2,888
Excess/(shortfall) (A-B)	-	-
None of the CSR projects undertaken by the Company has been fall under definition of "On-going Projects"		
There is no amount required to be contributed to specified fund u/s 135(6)		
32.2 Donation to electoral trust	-	500

Note : 33 EARNINGS PER SHARE

Particulars	Year ended March 31,2021	Year ended March 31,2020
Profit After Tax (₹ in lakhs)	**1,52, 086**	**1,05,372**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**1,52,086**	**1,05,372**
Weighted Average Number of Equity Shares (Basic)	81,96,69,366	78,71,82,549
Add: Dilutive effect relating to ESOP/CCPS	14,30,020	8,80,135
Weighted Average Number of Equity Shares (Diluted)	82,10,99,386	78,80,62,834
Earnings per Share - Basic (₹)	**18.55**	**13.39**
Earnings per Share - Diluted (₹)	**18.52**	**13.37**
Face Value Per Share (₹)	2.00	2.00

Note: Earnings per Share calculations are done in accordance with Ind AS 33 "Earnings per Share".

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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, 2021 and March 31, 2020, is as follows

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Accounting profit before tax from continuing operations	2,04,790	1,55,882
Income tax rate of 25.17% (March 31, 2020: 25.17%)	51,546	39,235
Effects of:		
Impact of difference in tax base for Donations & CSR expense	813	324
Share based payment expense – No deduction claimed under tax	141	290
Impact of Deduction u/s 80JJA	(28)	(19)
Other adjustments	179	733
Impact of changes to enacted rate on opening Deferred tax asset	-	12,845
Income tax expense reported in Consolidated statement of Profit and Loss	52,651	53,408

The effective income tax rate for March 31, 2021 is 25.17% (March 31, 2020: 25.17%).

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 March 31,2021	As at March 31,2020
Securitisations		
Carrying amount of transferred assets measured at amortised cost	4,75,242	4,92,803
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	4,63,916	4,63,131
Fair value of assets	4,76,131	4,85,991
Fair value of associated liabilities	4,37,374	4,65,551
Net position at Fair Value	38,757	20,440

B) Direct bilateral assignment

The Group 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 March 31,2021	As at March 31,2020
Assignment		
Carrying amount of de-recognised financial asset	4,16,042	5,12,585
Carrying amount of Retained Assets at amortised cost	47,502	55,789

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Assignment		
Gain on sale of the de-recognised financial asset	-	24,727

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 35 TRANSFER OF FINANCIAL ASSETS (Contd.)

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, 2021 and as at March 31, 2020

The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
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 : 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 ₹ 3,006 lakhs (Previous year - ₹ 2,913 lakhs) to Provident Fund under Defined Contribution Plan, ₹ 344 lakhs (Previous year - ₹ 333 lakhs) for Contributions to Superannuation Fund and ₹ 50 lakhs (Previous year - ₹ 108 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 March 31,2021	Year ended March 31,2020
Defined Benefit Obligation at the beginning of the year	**6,118**	**4,586**
Current Service Cost	1,042	908
Interest Cost	395	334
Remeasurement Losses/(Gains)		
a. Effect of changes in financial assumptions	89	174
b. Effect of experience adjustments	37	(4)
c. Changes in demographic assumptions	-	-
Benefits Paid	(230)	(174)
Transfer in/out	-	(18)
Defined Benefit Obligation at the end of the year	**7,451**	**6,118**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 37 RETIREMENT BENEFIT (Contd.)

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	4,679	3,555
Expected Returns on Plan Assets	301	260
Employer's Contribution	677	1,062
Benefits Paid	(230)	(174)
Return on plan assets (excluding interest income)	(5)	(24)
Transfer in/out	-	-
Fair Value of Plan Assets at the end of the year	**5,422**	**4,679**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	5,422	4,679
Defined benefit obligation at the End of the Year	(7,451)	(6,118)
Amount Recognised in the Balance Sheet under Other Payables	**(2,029)**	**(1,439)**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1,042	908
Net interest Expense	395	334
Expected Return on Plan Assets	(301)	(260)
Net Cost recognized in the statement of Profit and Loss	**1,136**	**982**
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	89	312
b) Effect of experience adjustments	37	174
c) Changes in demographic assumptions	-	(4)
d) Return on plan assets (excluding interest income)	7	24
Net cost recognized in Other Comprehensive Income	**133**	**506**
Assumptions		
Discount Rate	6.25% p.a.	6.45% 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	6.25% -7.10%p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the next (valued on undiscounted basis)		
Within the next 12 months (next annual reporting period)	988	664
Between 2 and 5 years	3,559	3,008
Between 5 and 10 years	3,379	2,874
Beyond 10 Years	3,805	3,363
Total Expected Cash flows	**11,731**	**9,909**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 37 RETIREMENT BENEFIT (Contd.)

Particulars	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis:				
Discount Rate (+/- 1%)	6,831	7,946	6,866	7,775
Salary Growth Rate (+/- 1%)	7,884	7,049	7,718	6,901
Attrition Rate (+/- 50% of attrition rates)	7,262	7,731	7,050	7,636
Mortality Rate (+/- 10% of mortality rates)	7,303	7,303	5,987	5,987

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 ₹ 3,086 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	March 31, 2021	March 31, 2020
Discount Rate	6.25% p.a.	6.45% 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 (2012-14) Ultimate

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2021.
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 : 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, 2021, for management purposes, the Group has been organised into the following 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.
- Loan against property - Loans to customer against immovable property
- Home Loans - loans given for acquisition of residential property
- Others -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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 38 SEGMENT REPORTING (Contd.)

₹ in lakhs

Particulars	Year ended March 31, 2021 Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
Revenue from Operations						
Interest Income	6,93,467	1,44,319	46,679	3,290	34,722	**9,22,477**
Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	-	-
Fee Income	18,224	2,180	181	6,343	11	**26,939**
- Net gain on Fair value change on financial instrument	-	-		-	487	**487**
Sale of Services	7,096	540	401	-	-	**8,037**
Segment revenue from Operations (I)	**7,18,787**	**1,47,039**	**47,261**	**9,633**	**35,220**	**9,57,940**
Other income (II)	-	-	-	101	337	**438**
Total Segment Income - (I) + (II)	**7,18,787**	**1,47,039**	**47,261**	**9,734**	**35,557**	**9,58,378**
Expenses						
Finance costs	3,50,978	84,871	20,670	2,456	(1,421)	4,57,554
Impairment of Financial Instruments	1,12,792	14,560	5,479	(617)	(3)	1,32,211
Employee benefits expense	61,328	7,692	4,971	4,943	250	79,184
Depreciation and amortisation expense	8,388	1,039	371	432	-	10,230
Other expenses	61,102	4,940	3,591	996	3,780	74,409
Segment Expenses	**5,94,588**	**1,13,102**	**35,082**	**8,210**	**2,606**	**7,53,588**
Segment Profit before taxation	**1,24,199**	**33,937**	**12,179**	**1,524**	**32,951**	**2,04,790**
Tax expense						**52,651**
Share of loss from associate				(53)		**(53)**
Profit for the year						**1,52,086**

₹ in lakhs

Particulars	Year ended March 31, 2020 Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
Revenue from Operations						
- Interest Income	6,26,829	1,25,291	29,545	2,487	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	182	5,919	44	24,870
- Net gain on Fair value change on financial instrument	-	-	-	5	1,564	1,569
- Sale of Services	6,560	731	278	1	-	7,570
Segment revenue from Operations (I)	**6,59,414**	**1,34,205**	**39,249**	**8,412**	**29,921**	**8,71,201**
- Other income (II)	-	-	-	36	26	62
Total Segment Income (I) + (II)	**6,59,414**	**1,34,205**	**39,249**	**8,448**	**29,947**	**8,71,263**
Expenses						
- Finance costs	3,47,457	79,477	16,772	1,475	13,989	4,59,170
- Impairment of Financial Instruments	77,581	9,591	2,162	(334)	735	89,735
- Employee benefits expense	54,205	6,916	3,781	4,926	204	70,032
- Depreciation and amortisation expense	9,068	992	271	420	374	11,125
- Other expenses	68,481	5,610	3,068	1,375	3,845	82,379
Segment Expenses	**5,56,792**	**1,02,586**	**26,054**	**7,862**	**19,147**	**7,12,441**
Segment Profit before taxation	**1,02,622**	**31,619**	**13,195**	**586**	**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, 2021

Note : 38 SEGMENT REPORTING (Contd.)

₹ in lakhs

Particulars	Vehicle finance	Loan against property	Home Loans	Others	Unallocable	Total
As on March 31, 2021						
Segment Assets	48,93,657	12,71,552	3,72,558	55,402		65,93,169
Unallocable Assets					8,71,247	8,71,247
Total Assets						**74,64,416**
Segment Liabilities	42,66,080	11,08,484	3,24,780	45,576		57,44,920
Unallocable Liabilities					7,59,516	7,59,516
Total Liabilities						**65,04,436**
As on March 31, 2020						
Segment Assets	42,15,030	10,53,555	2,44,892	31,357		55,44,834
Unallocable Assets					8,61,004	8,61,004
Total Assets						**64,05,838**
Segment Liabilities	36,76,854	9,19,037	2,13,624	25,266		48,34,781
Unallocable Liabilities					7,51,071	7,51,071
Total Liabilities						**55,85,852**

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.

Note : 39 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 which has 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
- **Associates :** White Data Systems India Private Limited Vishvakarma Payments Private Limited (From 30th March 2021)
- **Key Managerial Personnel:**
  a. Mr. Arun Alagappan, Managing Director (upto February 14, 2021)
  b. Mr. D. Arulselvan, Chief Financial Officer
  c. Ms. P. Sujatha, Company Secretary
  d. Mr. Ravindra Kumar Kundu, Executive Director (From January 23, 2020)
- **Non-Executive Directors**
  a) Ms. Bharati Rao (up to July 30, 2019)
  b) Mr. Ashok Kumar Barat
  c) Mr. M. M. Murugappan (upto November 11, 2020)
  d) Mr. N. Ramesh Rajan
  e) Mr. Rohan Verma
  f) Ms. Bhama Krishnamurthy (From July 30, 2019)
  g) Mr. Vellayan Subbiah (From November 11, 2020)
  h) Mr. M. A. M. Arunachalam (From January 29, 2021)
  i) Mr. Anand Kumar (From March16, 2021)
  j) Mr. Bharath Vasudevan (From March16, 2021)

Note:

Related party relationships are as identified by the Management and relied upon by the Auditors

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 39 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Note : 39 a) TRANSACTIONS DURING THE PERIOD		
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	4,848	7,634
b) Ambadi Investments Limited	438	708
c) Parry Enterprises Limited	0*	0*
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	104	100
b) Cholamandalam MS General Insurance Company Limited	5	60
c) Parry Enterprises Limited	1	1
d) Cholamandalam MS Risk Services Limited	0*	0*
Services Received		
a) Cholamandalam MS General Insurance Company Limited	201	164
b) Parry Enterprises Limited	74	714
c) White Data Systems India Private Limited	29	32
Services rendered		
a) Cholamandalam MS General Insurance Company Limited	4,008	3,616
b) Cholamandalam Financial Holdings Limited	0*	0*
c) Ambadi Investments Limited	0*	-
d) Key Managerial Personnel	0*	-
Loans given		
a) White Data Systems India Private Limited	340	340
Loans recovered		
a) White Data Systems India Private Limited	340	340
Interest Expense		
a) Cholamandalam MS General Insurance Company Limited	1,603	1,696
Interest Income		
a) White Data Systems India Private Limited	26	28
Commission and Sitting fees to non-executive Directors	102	80

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Note : 39 b) BALANCES OUTSTANDING AT THE PERIOD END		
Loans - Receivable		
a) White Data Systems India Private Limited	340	340
Debt Securities - Payable		
a) Cholamandalam MS General Insurance Company Limited	(18,527)	(19,070)
Other Receivable / (Payable)		
a) Cholamandalam Financial Holdings Limited	2	-
b) Cholamandalam MS General Insurance Company Limited	340	250
c) White Data Systems India Private Limited	(6)	(7)
d) Parry Enterprises Limited	1	1
e) Cholamandalam MS Risk services Limited	-	0*
f) Key Managerial personnel	-	2

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 39 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Nature of Transaction	Year ended March 31,2021	Year ended March 31,2020
Note : 39 c) REMUNERATION TO KEY MANAGERIAL PERSONNEL		
Short- term employee benefits	794	656
Post - employment pension (defined Contribution)	92	66
Dividend Payments	17	24
Share based payments	27	48
Sale of Vehicle(s)	21	-

* Represents amounts less than ₹ 1 lakh

Note : 40 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Income tax and Interest on Tax issues where the Group has gone on appeal	22,465	23,104
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	21,898
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	2,573	2,660
Service Tax & GST issues pending before Appellate Authorities in respect of which the Group is on appeal.	19,992	19,978
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	10,801	8,526
Order in respect of alleged violations of the Provisions of SEBI Act	-	2
Disputed claims pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit	-	21

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 March 31,2021	As at March 31,2020
Capital commitments	3,678	2,834
Investment commitment to Faering Capital India Evolving Fund	-	-
Disbursements - Undrawn lines	1,24,190	84,535

(c) The Code on Social Security, 2020 (' The Code') relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

(d) Bank Guarantee:

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,485	1,625

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 41 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at March 31,2020	Additional Provision	Utilisation/ Reversal	As at March 31,2021
Provision for Contingencies and Service Tax claims	3,838	508	-	4,346
Provision for Expected credit loss allowance towards Undrawn commitments	131	89	116	104

₹ in lakhs

Particulars	As at March 31,2019	Additional Provision	Utilisation/ Reversal	As at March 31,2020
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Expected credit loss allowance towards Undrawn commitments	51	80	-	131

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, 2021 is ₹ 1,24,190 lakhs (₹84,535 lakhs as at March 31, 2020).

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, 2021 is ₹ 104 lakhs (₹ 131 lakhs as at March 31, 2020).

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 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 ₹ 564 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 As at 31.03.2020	During the Year: Addition in number of options on account of share split*	Options Granted	Options Forfeited / Expired	Options Exercised and allotted	Options outstanding As at 31.03.2021	Options vested but not exercised As at 31.03.2021	Options unvested As at 31.03.2021	Exercise Price	Weighted Average Remaining Contractual Life
GT25 Apr 2008	25 Apr 08	-	-	-	-	-	-	-	-	-	-
GT27 JAN 2011A	27 Jan 11	23,120	-	-	-	23,120	-	-	-	38	-
GT27 JAN 2011B	27 Jan 11	-	-	-	-	-	-	-	-	-	
GT30 APR 2011	30 Apr 11	25,240	-	-	-	15,000	10,240	10,240	-	33	-
GT27 OCT 2011	27 Oct 11	29,760	-	-	-	21,180	8,580	8,580	-	31	-
Total		**78,120**	**-**	**-**	**-**	**59,300**	**18,820**	**18,820**	**-**		

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 ESOP DISCLOSURE (Contd.)

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 31.03.2020	Addition in number of options on account of share split*	Options Granted	Options Forfeited / Expired	Options Exercised and allotted	As at 31.03.2021	As at 31.03.2021	As at 31.03.2021	Exercise Price	Weighted Average Remaining Contractual Life
GT25 JAN 2017	25 Jan 17	21,18,600	-	-	1,92,140	2,61,770	16,64,690	16,64,690	-	202	-
GT30 JAN 2018	30 Jan 18	2,38,485	-	-	-	34,400	2,04,085	2,04,085	-	262	-
GT30 JAN2018A	30 Jan 18	89,800	-	-	-	2,500	87,300	60,360	26,940	262	0.84 years
GT23 APR 2018	23 Apr 18	44,900	-	-	-	17,960	26,940	-	26,940	312	0.56 years
GT26 JUL 2018	26 Jul 18	2,74,860	-	-	1,31,500	3,000	1,40,360	86,600	53,760	299	0.32 years
GT30 OCT 2018	30 Oct 18	3,67,300	-	-	44,900	25,000	2,97,400	1,03,960	1,93,440	254	1.08 years
GT19 MAR 2019	19 Mar 19	5,88,460	-	-	-	17,280	5,71,180	2,75,740	2,95,440	278	1.47 years
GT30 JUL 2019	30 Jul 19	31,632	-	-	4,860	-	26,772	13,386	13,386	248	0.33 years
GT05 NOV2019	5 Nov 19	2,75,600	-	-	-	25,560	2,50,040	29,560	2,20,480	316	1.73 years
GT23 JAN2020	23 Jan 20	53,000	-	-	-	10,600	42,400	-	42,400	318	1.94 years
GT03 JUNE2020	3 Jun 20	-	-	2,11,900	-	-	2,11,900	-	2,11,900	158	1.88 years
GT03 JUNE2020A	3 Jun 20	-	-	1,905	-	-	1,905	-	1,905	158	0.18 years
Total		**40,82,637**	**-**	**2,13,805**	**3,73,400**	**3,98,070**	**35,24,972**	**24,38,381**	**10,86,591**		

*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

The movement in Stock Options during the previous year are given below:

Employee Stock Option Plan 2007

		Options outstanding	During the Year 2019-20				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*	Options 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
GT25 Apr 2008	25 Apr 08	-	-	-	-	-	-	-	-	38	-
GT27 JAN 2011A	27 Jan 11	9,163	36,652	-	-	22,695	23,120	23,120	-	38	-
GT27 JAN 2011B	27 Jan 11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT30 APR 2011	30 Apr 11	7,948	31,792	-	-	14,500	25,240	25,240	-	33	-
GT27 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**	**-**		

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 ESOP DISCLOSURE (Contd.)

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31.03.2019	During the Year 2019-20 Addition in number of options on account of share split*	During the Year 2019-20 Options Granted	During the Year 2019-20 Options Forfeited / Expired	During the Year 2019-20 Options Exercised and allotted	Options outstanding As at 31.03.2020	Options vested but not exercised As at 31.03.2020	Options unvested As at 31.03.2020	Exercise Price	Weighted Average Remaining Contractual Life
GT2525 JAN2017	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
GT3030 JAN2018	30 Jan 18	49,040	1,96,160	-	-	6,715	2,38,485	1,46,535	91,950	262	0.84 years
GT30 JAN2018A	30 Jan 18	17,960	71,840	-	-	-	89,800	35,920	53,880	262	1.34 years
GT23 APR2018	23 Apr 18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.19 years
GT26 JUL2018	26 Jul 18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	0.82 years
GT30 OCT2018	30 Oct 18	73,460	2,93,840	-	-	-	3,67,300	73,460	2,93,840	254	1.71 years
GT19 MAR2019	19 Mar 19	1,17,692	4,70,768	-	-	-	5,88,460	1,46,060	4,42,400	278	2.09 years
GT30 JUL2019	30 Jul 19	-	-	31,632	-	-	31,632	-	31,632	248	0.83 years
GT05 NOV2019	5 Nov 19	-	-	2,75,600	-	-	2,75,600	-	2,75,600	316	2.30 years
GT23 JAN2020	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

The following tables list the inputs to the Black Scholes model used for the plans for the year ended March 31, 2021

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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 42 ESOP DISCLOSURE (Contd.)

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, 2021 is ₹ Nil (March 31, 2020- ₹ 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

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*
3-Jun-20	5%	3.50 years	47.50%	1.33%	157.90	58.27*

* 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, 2020	Cash flows	Exchange Difference	Other	March 31, 2021
Debt Securities	7,32,683	5,00,898	-	2,186	12,35,767
Borrowings other than debt securities	43,27,308	4,04,659	(13,268)	(473)	47,18,226
Subordinated liabilities	4,40,552	(20,150)	-	(1,396)	4,19,006
Total	**55,00,543**	**8,85,407**	**(13,268)**	**317**	**63,72,999**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 43 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (Contd.)

₹ in lakhs

Particulars	April 01, 2019	Cash flows	Exchange Difference	Other	March 31, 2020
Debt Securities	14,18,431	(6,68,840)	-	(16,908)	7,32,683
Borrowings other than debt securities	32,12,375	10,98,059	20,341	(3,467)	43,27,308
Subordinated liabilities	4,25,868	15,500	-	(816)	4,40,552
Total	**50,56,674**	**4,44,719**	**20,341**	**(21,191)**	**55,00,543**

(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	After 12 months
As on March 31, 2021			
Financial Assets			
Cash and Cash Equivalents	1,59,323	1,59,323	-
Bank balances Other than Cash and Cash Equivalents	3,68,654	3,41,140	27,514
Derivative financial instruments	4,587	-	4,587
Receivables			
i) Trade Receivables	5,660	5,660	-
ii) Other Receivables	4,211	4,211	-
Loans	65,83,934	19,71,863	46,12,071
Investments		-	-
i) Associate	2,424	-	2,424
ii) Others	1,55,925	9,714	1,46,211
Other Financial Assets	59,445	30,006	29,439
Total Financial Assets	**73,44,163**	**25,21,917**	**48,22,246**
Non- Financial Assets			
Current tax assets (Net)	14,767	-	14,767
Deferred tax assets (Net)	76,897	-	76,897
Investment Property	13	-	13
Property, Plant and Equipment	20,826	-	20,826
Intangible assets under development	991	-	991
Other Intangible assets	1,920	-	1,920
Other Non-Financial Assets	4,839	1,894	2,945
Total Non- Financial Assets	**1,20,253**	**1,894**	**1,18,359**
Financial Liabilities			
Derivative financial instruments	12,742	-	12,742
Payables			
i) Trade Payables	27,930	27,930	-
ii) Other Payables	20,531	20,531	-
Debt Securities	12,35,767	6,04,785	6,30,982
Borrowings(Other than Debt Securities)	47,18,226	16,91,807	30,26,419
Subordinated Liabilities	4,19,006	1,01,959	3,17,047
Other Financial Liabilities	50,268	40,260	10,008
Total Financial Liabilities	**64,84,470**	**24,87,272**	**39,97,198**
Non-Financial Liabilities			
Current tax liabilities	4,225	4,225	-
Provisions	11,045	11,044	1
Other Non-Financial Liabilities	4,696	3,422	1,274
Total Non-Financial Liabilities	**19,966**	**18,691**	**1,275**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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	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
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	2,962	78	2,884
Total Non- Financial Assets	**1,01,033**	**78**	**1,00,955**
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	4,677	2,699	1,978
Total Non-Financial Liabilities	**13,828**	**11,850**	**1,978**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

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.

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,

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 45 CAPITAL MANAGEMENT (Contd.)

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, Loan against property 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 72% of the loan book of the Group as of March 31, 2021 (73% as of March 31, 2020). 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, 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 10% and 6% leading to well diversified sub product mix.

Loan against property 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, 2021 (21% as of March 31, 2020). Portfolio is concentrated in North (38%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country. South has 32% and West contributes 25%.

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, 2021.

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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 45 CAPITAL MANAGEMENT (Contd.)

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 48 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, 2021

Note : 45 CAPITAL MANAGEMENT (Contd.)

45.8 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2021								
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	6	1	1,57,501	65,152	March 18, 2022 to June 03, 2024	(1,720)	(11,025)	Borrowings
Interest rate swaps	1	0	1,42,238	-	June 20, 2028	(1,953)	-	Borrowings
Forward contracts	0	26	-	7,922	March 21, 2022 to June 03, 2024	11,828	5,041	Borrowings

Year ended March 31, 2021				
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	(4,521)	-	-	NA

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	0	2,22,953	-	September 25, 2020 to June 03, 2024	11,420	(21,038)	Borrowings

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

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 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 Loan against Property loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 45 CAPITAL MANAGEMENT (Contd.)

In respect of other loans, Home loans follow the same process as Loan against property 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.

Note 46 : INVESTMENT IN AN ASSOCIATE

The Group had recognised the value of investment in associate - White Data Systems India Private Limited (WDSI) 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 March 31,2021	As at March 31,2020
Value of Investment in Subsidiary on the date of loss of control	2,554	2,554
Less: Cumulative Share of Loss of from Associate	(130)	(77)
Closing value of Investment	**2,424**	**2,477**

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	March 31,2021	March 31,2020
Current assets	2,483	6,458
Non-current assets	1,713	1,027
Current liabilities	(700)	(3,709)
Non-current liabilities	(47)	(64)
Equity	**3,449**	**3,712**
Proportion of the Group's ownership	30.87%	30.87%
Group's share in the Equity of the associate	1,065	1,146

₹ in lakhs

Particulars	Year ended March 31, 2021
Revenue from contracts with customers	411
Other Income	166
Depreciation & amortization	104
Finance cost	29
Employee benefit	188
Other expense	475
Profit before tax	**(219)**
Income tax expense	(11)
Profit for the year (continuing operations)	(230)
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	-
Total comprehensive income for the year (continuing operations)	**(230)**
Group's share of loss for the year	**(71)**
Adjustment relating to prior periods.	**18**
Group's share of loss considered in the consolidated statement of Profit and loss for the year ended March 31, 2021	**(53)**

The associate has no contingent liabilities or capital commitments as at March 31, 2021 and March 31, 2020.

b) Vishvakarma Payments Private Limited (VPPL) is a consortium of 7 entities formed for the purpose of applying to the Reserve Bank of India (RBI) for an NUE (New Umbrella Entity) license within the framework of RBI circular. The licensed NUE is to focus on retail payment systems by developing interoperable infrastructure which will cater to banks and non-banks and enable innovative use-cases to solve the diversity, depth and width of consumers and small businesses in India. VPPL is incorporated with an equity capital of ₹ 1 lakh and its networth as March 31, 2021 is ₹ 1 lakh. It can commence operations only on receipt of license from RBI. The Group holds 21% stake in VPPL.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

NOTE : 47

Note 47.1 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	March 31,2021		March 31,2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	1,59,323	1,59,323	3,49,514	3,49,513
Bank balances Other than Cash and Cash Equivalents	3,68,654	3,68,654	3,50,560	3,50,559
Receivables				
i) Trade Receivables	5,660	5,660	3,019	3,019
ii) Other Receivables	4,211	4,211	3,536	3,536
Loans	65,83,934	68,38,189	55,39,573	54,69,635
Investments other than associates	1,55,925	1,48,239	793	790
Other Financial Assets	59,445	59,445	43,913	43,913
Total Financial Assets	**73,37,152**	**75,83,721**	**62,90,908**	**62,20,965**
Financial Liabilities				
Payables				
i) Trade Payables	27,930	27,930	22,047	22,047
ii) Other Payables	20,531	20,531	9,949	9,949
Debt Securities	12,35,767	12,36,407	7,32,683	7,32,658
Borrowings(Other than Debt Securities)	47,18,226	47,15,550	43,27,308	43,23,357
Subordinated Liabilities	4,19,006	4,20,811	4,40,552	4,40,595
Other Financial Liabilities	50,268	50,268	39,485	39,485
Total Financial Liabilities	**64,71,728**	**64,71,497**	**55,72,024**	**55,68,091**

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.

v) The fair value of investment in Government securities are derived from rate near to the reporting date of the comparable product.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 47 (Contd.)

Note : 47.2 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, 2021

₹ 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	1,046	1,046		-
FVTPL Equity Instruments	288	-	-	288
Derivative financial instruments	4,587	-	4,587	-
Assets for which fair values are disclosed				
Loans	65,83,934	-	68,38,189	-
Investments in Government Securities	1,55,925	-	1,46,905	-
Investment Properties *	13	-	-	304

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, 2021

₹ 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	12,742	-	12,742	-
Liabilities for which fair values are disclosed				
Debt Securities	12,35,767	-	12,36,407	-
Borrowings (Other than Debt Securities)	47,18,226	-	47,15,550	-
Subordinated Liabilities	4,19,006	-	4,20,811	-

There have been no transfers between different levels during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2020

₹ 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	1,248	818	430	-
Derivative financial 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 *	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.

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 47 (Contd.)

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2020

₹ 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	-	-	-	-
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.

Note 47.3 Summary of Financial assets and liabilities which are recognised at amortised cost

₹ in lakhs

Particulars	As at March 31,2021	As at March 31, 2020
Financial Assets		
Cash and Cash Equivalents	1,59,323	3,49,514
Bank balances other than Cash and Cash Equivalents	3,68,654	3,50,560
Loans	65,82,784	55,39,573
Investments other than associates	1,55,925	793
Other Financial Assets	59,445	43,913
Financial Liabilities		
Debt Securities	12,35,767	7,32,683
Borrowings(Other than Debt Securities)	47,18,226	7,32,683
Subordinated Liabilities	4,19,006	4,40,552
Other Financial liabilities	50,268	39,485

Note : 47.4 Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Note : 48 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

As at March 31, 2021

₹ 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	1,59,322	-	-	-	-	-	-	**1,59,322**
Bank balances other than Cash and Cash Equivalents	96,373	1,02,355	1,36,807	4,033	13,043	10,571	11,444	**3,74,626**
Derivative financial instruments	-	-	-	-	-	-	4,587	**4,587**
Receivables	-	-	-	-	-	-	-	
i) Trade Receivables	5,660	-	-	-	-	-	-	**5,660**
ii) Other Receivables	4,211	-	-	-	-	-	-	**4,211**
Loans	5,02,874	5,38,796	7,04,685	13,47,385	37,59,707	13,26,678	19,71,659	**1,01,51,784**
Investments								
i) Associate	-	-	-	-	-	-	2,424	**2,424**
ii) Others	-	1,135	3,722	4,857	19,716	19,428	1,07,068	**1,55,926**
Other Financial Assets	4,605	12,851	4,368	7,535	18,303	10,630	10,810	**69,102**
Total Undiscounted financial assets	**7,73,045**	**6,55,137**	**8,49,582**	**13,63,810**	**38,10,769**	**13,67,307**	**21,07,992**	**1,09,27,642**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	-	-	12,742	**12,742**
Payables	-	-	-	-	-	-	-	-

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 48 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES (Contd.)

As at March 31, 2021 ₹ 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
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	27,930	-	-	-	-	-	-	**27,930**
(II) Other Payables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	20,492	-	-	-	-	-	-	**20,492**
Debt Securities	1,13,137	2,70,683	1,08,618	1,48,066	5,52,907	1,60,428	2,712	**13,56,551**
Borrowings(Other than Debt Securities)	1,59,219	3,08,806	7,48,826	7,09,140	25,22,320	6,94,544	1,10,157	**52,53,012**
Subordinated Liabilities	273	37,967	12,769	78,271	1,66,250	76,319	15,33,381	**19,05,230**
Other Financial Liabilities	41,066	913	1,302	2,069	10,402	583	-	**56,335**
Total Undiscounted financial liabilities	**3,62,117**	**6,18,369**	**8,71,515**	**9,37,546**	**32,51,879**	**9,31,874**	**16,58,992**	**86,32,292**
Total net Undiscounted financial assets/(liabilities)	**4,10,928**	**36,768**	**(21,933)**	**4,26,264**	**5,58,890**	**4,35,433**	**4,49,000**	**22,95,350**

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	3,019	-	-	-	-	-	-	**3,019**
ii) Other Receivables	3,536	-	-	-	-	-	-	**3,536**
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**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note : 48 ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY REMAINING CONTRACTUAL MATURITIES (Contd.)

₹ 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
(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**

Note 49: 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

₹ in lakhs

Particulars - Buildings	As at March 31,2021	As at March 31,2020
Opening Balance	11,030	11,591
Depreciation charge for the Period	(4,634)	(4,259)
Additions during the Period	1,563	4,292
Adjustment/Deletion	(37)	(594)
Closing Balance	**7,922**	**11,030**

(ii) Classification of current and non current liabilities of the lease liabilities

₹ in lakhs

Particulars	As at March 31,2021	As at March 31, 2020
Current liablities	4,450	5,158
Non Current Liabilities	4,803	7,267
Total Lease liabilities	**9,253**	**12,425**

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

Note 49: DISCLOSURES IN CONNECTION WITH IND AS 116 - LEASES (Contd.)

(iii) Movement in the carrying value of the Lease Liability

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Opening Balance	12,425	12,421
Interest Expense	958	1,183
Lease Payments [Total Cash Outflow]	(5,026)	(4,877)
Short term rent concession	(630)	-
Additions during the year	1,563	4,292
Adjustment/Deletion	(37)	(594)
Closing Balance	**9,253**	**12,425**

(iv) Contractual Maturities of Lease liability outstanding

₹ in lakhs

Particulars	As at March 31,2021	As at March 31,2020
Less than one year	4,618	5,410
One to five Years	5,780	8,859
Total	**10,398**	**14,269**

(v) The following are the amount recognised in the Profit or Loss statement

₹ in lakhs

Particulars	Year ended March 31,2021	Year ended March 31,2020
Depreciation expense of right-of-use assets	4,634	4,259
Interest expense on lease liabilities	958	1,183
Expense relating to short-term leases (included in other expenses)	3	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	**5,595**	**5,450**

Lease expenses relating to short term leases aggregated to ₹ 3 Lakhs during the year ended March 31, 2021

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.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions represents rent reductions for a period of time. Company has applied practical expedient to Ind AS 116 rent concessions. Pursuant to this, Group has recognised Rs 630 lakhs in Statement of Profit and loss as reversal in the financial statements.

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

Notes forming part of the Consolidated Ind AS Financial Statements (Contd.)

For the year ended March 31, 2021

NOTE 50: 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, 2021 AND MARCH 31, 2020

As at March 31, 2021

₹ in lakhs

Name of the entities	Net Assets (i.e total assets less total liabilities) As % of Consolidated Net Assets	Amount	Share in Profit and Loss As % of Consolidated Profit and Loss	Amount	Other Comprehensive Income As % of Consolidated Other Comprehensive Income	Amount	Total Comprehensive Income As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	99%	9,48,743	100%	1,51,410	119%	(3,478)	99%	1,47,932
II. Subsidiaries								
Cholamandalam Securities Limited	0%	3,437	0%	492	-6%	175	0%	667
Cholamandalam Home Finance Limited	1%	5,376	0%	236	-13%	379	0%	615
Minority Interests in all subsidiaries	0%	0	0%	0	0%	0	0%	-
III. Associates (Investment as per equity method)								
White Data Systems India Private Limited	0%	2,424	0%	(53)	0%	0	0%	(53)
Vishvakarma Payments Private Limited	0%	0	0%	0	0%	0	0%	0
	100%	**9,59,980**	**100%**	**1,52,085**	**100%**	**(2,924)**	**100%**	**1,49,161**

As at March 31, 2020

₹ in lakhs

Name of the entities	Net Assets (i.e total assets less total liabilities) As % of Consolidated Net Assets	Amount	Share in Profit and Loss As % of Consolidated Profit and Loss	Amount	Other Comprehensive Income As % of Consolidated Other Comprehensive Income	Amount	Total Comprehensive Income 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, 2021

Note : 51 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in the financial statements.

Note : 52 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 **Aravind K**
Partner
Membership No: 221268

Date : May 7, 2021
Place : Chennai

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

Ravindra Kumar Kundu
Executive Director

Vellayan Subbiah
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, 2021	March 31, 2021
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	1,136	1,187
Total assets	6,172	8,670
Total Liabilities	796	5,233
Investments	963	371
Turnover	3,715	3,014
Profit/(Loss) before taxation	262	684
Provision for taxation	84	192
Profit/(Loss) after taxation	178	492
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	Vishvakarma payments Private Limited
Latest Balance Sheet Date	March 31, 2021	March 31, 2021
Shares of Associate/Joint Ventures held by the company on the year end		
No.	12,75,917	2,100
Amount of Investment in Associates/Joint Venture (₹ in lakhs)	800	0.21
Extend of Holding %	30.87%	21.00%
Description of how there is significant influence	By way of shareholding	By way of shareholding
Reason why the associate/joint venture is not consolidated	Not applicable	Not applicable
Networth attributable to Shareholding as per latest Balance Sheet	1,065	1.00
Profit / (Loss) for the year - ₹ in lakhs	(230)	0*
Considered in Consolidation - ₹ in Lakhs	(53)	0*
Not Considered in Consolidation – ₹ in Lakhs	(177)	0*
Names of associates or joint ventures which are yet to commence operations	Not applicable	Yet to commence
Names of associates or joint ventures which have been liquidated or sold during the year.	Not applicable	Not applicable

*represents amount less than ₹ 50,000

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

Vellayan Subbiah
Chairman

Date : May 7, 2021
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Ravindra Kumar Kundu
Executive 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
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:

Notes:

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