Preliminary Placement Document
Subject to completion
Not for circulation and strictly confidential
Serial Number:_________

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be issued through the Placement Document.

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CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Registered and Corporate Office: Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India
Tel: +91 44 4090 7172 | **Fax**: +91 44 2534 6464 | **E-mail**: investors@chola.murugappa.com | **Website**: www.cholamandalam.com | **CIN**: L65993TN1978PLC007576

Cholamandalam Investment and Finance Company Limited, (the "**Company**" or "**Issuer**") was incorporated as a public limited company under the name of Cholamandalam Investment and Finance Company Limited on August 17, 1978 under the Companies Act, 1956 and commenced its business pursuant to certificate of commencement of business dated November 22, 1978. The name of our Company was changed to Cholamandalam DBS Finance Limited pursuant to a fresh certificate of incorporation dated April 12, 2006 and was again changed to Cholamandalam Investment and Finance Company Limited on June 2, 2010. The RBI has granted a certificate of registration bearing number 07-00306 dated June 9, 2011, to our Company to carry on business of a non-banking financial institution, subject to certain conditions.

Our Company is issuing up to [●] Equity Shares (as defined below) at a price of ₹[●] per Equity Share (the "**Issue Price**"), including a premium of ₹ [●] per Equity Share, aggregating up to ₹[●] lakhs (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 24.

Further, our Board has, pursuant to a resolution dated January 23, 2020, and subject to the approval of our Shareholders, approved an issue of equity shares by way of preferential issue to Cholamandalam Financial Holdings Limited, a promoter entity, up to an amount not exceeding ₹30,000 lakhs in one or more tranches at a price in accordance with Chapter V of the SEBI Regulations.

ISSUE IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES MADE THEREUNDER

The equity shares of our Company of face value of ₹2 each (the "**Equity Shares**") are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on January 24, 2020 was ₹323.95 and ₹323.80 per Equity Share, respectively. Our Company has received in-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, for listing of the Equity Shares to be issued pursuant to the Issue from BSE and NSE, both dated January 27, 2020. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Chennai (the "**RoC**"), within the stipulated period as prescribed under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, each, as amended. This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and the Issue shall not be registered as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT 2013, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND ONLY QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN REGULATION 2(1)(ss) OF THE SEBI REGULATIONS ("QIBs") WHICH ARE NOT: (A) EXCLUDED PURSUANT TO REGULATION 179(2)(b) OF THE SEBI REGULATIONS; OR (B) RESTRICTED FROM PARTICIPATING IN THE ISSUE UNDER THE APPLICABLE LAWS, INCLUDING THE SEBI REGULATIONS, ARE ELIGIBLE TO INVEST IN THIS ISSUE ("ELIGIBLE QIBs"). THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" BEGINNING ON PAGE 61 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form (as defined hereinafter) and the Placement Document (as defined hereinafter) and the Confirmation of Allocation Note (as defined hereinafter). For further details, see "*Issue Procedure*" beginning on page 196. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) ("**U.S. QIB(s)**") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs"; and (b) outside the United States, in offshore transactions in reliance upon Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 209 and 216, respectively.

The information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the BRLMs or their respective affiliates does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

This Preliminary Placement Document is dated January 27, 2020.

BOOK RUNNING LEAD MANAGERS	
AXIS CAPITAL	AMBIT Acumen at work
Axis Capital Limited	**Ambit Capital Private Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, its Subsidiaries, its Associate and the Equity Shares which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, its Subsidiaries, its Associate and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, its Subsidiaries, its Associate and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Company, its Subsidiaries, its Associate and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

Axis Capital Limited and Ambit Capital Private Limited ("**BRLMs**") have not separately verified all of the information contained in this Preliminary Placement Document, and the BRLMs and their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates do not make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLMS and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, its Subsidiaries, its Associate and the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on either the BRLMs or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, its Subsidiaries, our Associate and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the BRLMs. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States, only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) ("**U.S. QIB(s)**") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs"; and (b) outside the United States, in offshore transactions in reliance upon Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 209 and 216, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLMs or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the BRLMs that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The subscribers of the Equity Shares offered in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements set forth in "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 3, 209 and 216, respectively.

In making an investment decision, the prospective investors must rely on their own examination of our Company, its Subsidiaries, its Associate, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Prospective investors should consult their own counsels and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, our Company, the BRLMs are not making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under Indian law, including Chapter VI of the SEBI Regulations, Section 42 of the Companies Act, 2013, other provisions of the Companies Act and the rules made thereunder, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website, viz., www.cholamandalam.com, any website directly or indirectly linked to the website of our Company or on the website of the BRLMs and of their respective affiliates, does not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

CERTAIN U.S. MATTERS

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS WHO ARE "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A) PURSUANT TO SECTION 4(a)(2) UNDER THE U.S. SECURITIES ACT OR ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATION S AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES ARE MADE. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE EQUITY SHARES, SEE "*TRANSFER RESTRICTIONS*" ON PAGE 216.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE SEC OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRELIMINARY PLACEMENT DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information relating to investors in certain other jurisdictions, see the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 209 and 216, respectively.

REPRESENTATIONS BY INVESTORS

References herein to “you” or “your” are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the BRLMs, as follows:

- You are a “Qualified Institutional Buyer” as defined in Regulation 2(1)(ss) of the SEBI Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VI of the SEBI Regulations, the Companies Act and all other applicable laws; and (ii) undertake to comply with the SEBI Regulations, the Companies Act and all other applicable laws, including any reporting obligations, if any;

- You are eligible to invest in India under applicable law, including the FEMA Rules, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution or a FVCI under Schedule I of the FEMA Rules, and are eligible to invest in India under applicable law, including the FEMA Rules, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You will provide the information as required under the provisions of the Companies Act, 2013 and the rules made thereunder, for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges. Further, additional restrictions are applicable if you are within the United States. For further details in this regard, see *Selling Restrictions*” and “*Transfer Restrictions*” on pages 209 and 216, respectively;

- If you are within the United States, you are a U.S. QIB, who is acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a U.S. QIB, for investment purposes only, and not with a view to, or for reoffer or resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- If you are outside the United States, you are subscribing for the Equity Shares in an “offshore transaction” within the meaning of Regulation S and the applicable laws of the jurisdiction where those offers and sales are made;

- You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales (a) in the United States, are being made in reliance on an exemption to the registration requirements of the Securities Act provided by Section 4(a)(2) under the Securities Act, Rule 144A or another available exemption from registration under the Securities Act, and the Equity Shares may not be eligible for resale under Rule 144A thereunder; and (b) outside the United States, are being made in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 209 and 216, respectively;

- You represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of the U.S. Securities Act or; (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; and (B) in accordance with all applicable laws, including the securities laws of the states of the United States;

- You represent that you are not an affiliate of our Company or the Book Running Lead Managers or a person acting on behalf of such affiliate;

- You are aware that the Equity Shares have not been, and will not be, filed through prospectus with the RoC under the Companies Act, 2013, the SEBI Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs and that this Preliminary Placement Document or the Placement Document will not be registered as a prospectus under the Companies Act;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- Neither our Company, the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the BRLMs. The BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information relating to our Company which is not set forth in this Preliminary Placement Document;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company nor the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, and the Allotment of the same shall be at the discretion of our Company, in consultation with the BRLMs;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 61;

- In making your investment decision, you have (i) relied on your own examination of our Company, its Subsidiaries, its Associate, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company, its Subsidiaries, its Associate, the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, its Subsidiaries, its Associate and the Equity Shares, (v) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents nor affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLMs or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, the BRLMs or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You understand that our Company will be a "passive foreign investment company" for U.S. federal income tax purposes for the current taxable year and that our Company expects to be such for the foreseeable future and that there may be adverse consequences for U.S. Holders under U.S. tax laws resulting from an investment in the Equity Shares. You will obtain your own independent tax advice from a reputable service provider and will not rely on the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or any of the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or any of the BRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, and (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a "promoter" (as defined under the Companies Act, 2013 and the SEBI Regulations) of our Company and are not a person related to any of our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our "Promoters", or "Promoter Group" (as defined under the SEBI Regulations) of our Company or persons related to any of our Promoters;

- You have no rights under a shareholders' agreement or voting agreement with our Promoters or Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares;

- You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

- You will have no right to withdraw your Bid or revise your Bid downwards after the Bid Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid made by you would not result in triggering an open offer under the Takeover Regulations;

- The number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue. For the purposes of this representation:

  (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other QIB ; and

  (b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Company nor the BRLMs nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the BRLMs have entered into a Placement Agreement with our Company whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the BRLMs nor any person acting on their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLMs or our Company or any other person, and the BRLMs or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the BRLMs and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the BRLMs or any of their respective affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 209 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 209;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Transfer Restrictions*" and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Transfer Restrictions*" on page 216;

- You understand that our Company has not been and will not be registered under the U.S. Investment Company Act and you will not be entitled to the benefits of the U.S. Investment Company Act;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Chennai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the BRLMs and their respective directors, officers, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- Our Company, the BRLMs, their respective affiliates, directors, officers, employees, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given by you to the BRLMs on their own behalf and on behalf of our Company, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the BRLMs; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. Further, in accordance with the SEBI circular dated November 24, 2014, FPIs shall issue P-Notes to only those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by the Board. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being issued or transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Persons in the United States and U.S. persons purchasing Equity Shares in the Issue may not issue P-Notes. Non-U.S. persons outside the United States purchasing Equity Shares in the Issue may only issue P-Notes in accordance with the conditions set forth in "*Transfer Restrictions*" on page 216.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Two or more subscribers of offshore derivative instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivative instruments. In the event a prospective investor has investments as a FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company, the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and does not constitute any obligations of or claims on the BRLMs.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been, and a copy of the Placement Document will be, submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(2) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE RBI

The Company is having a valid certificate of registration dated June 9, 2011 issued by the Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934. However, the Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayments of deposits/ discharge of liabilities of the Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to ‘you’, ‘your’, ‘offeree’, ‘purchaser’, ‘subscriber’, ‘recipient’, ‘investors’, ‘prospective investors’ and ‘potential investor’ are to the Eligible QIBs and references to the ‘Company’, ‘Cholamandalam Investment and Finance Company Limited’ and ‘Issuer’, ‘we’, ‘us’ or ‘our’ are to Cholamandalam Investment and Finance Company Limited on a standalone basis.

In this Preliminary Placement Document, references to ‘US$’, ‘USD’ and ‘U.S. dollars’ are to the legal currency of the United States of America, references to ‘₹’, ‘INR’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India. All references herein to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions. All references herein to “India” are to the Republic of India and its territories and possessions and all references herein to the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable. All the numbers in this Preliminary Placement Document have been presented in million or whole numbers, unless stated otherwise. The amounts derived from financial statements and the Financial Statements included in this Preliminary Placement Document are presented in Rupees Lakhs.

In this Preliminary Placement Document, references to “Lakh” represents “100,000”, “million” represents “1,000,000”, “crore” represents “10,000,000”, and “billion” represents “1,000,000,000”.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (together, “**Non-GAAP Financial Measures**” and each, a “**Non-GAAP Financial Measure**”) in this Preliminary Placement Document, for example, in “*Selected Statistical Information*” on page 40. These Non-GAAP Financial Measures are not required by or presented in accordance with Indian GAAP or Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Where Non-GAAP Financial Measures are referred to as being “under Ind AS”, this means the numbers have been derived using underlying Ind AS numbers. Where Non-GAAP Financial Measures are referred to as being “under Indian GAAP”, this means the numbers have been derived using underlying Indian GAAP numbers.

Financial and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular ‘Fiscal Year’ or ‘fiscal’ or “financial year” or ‘FY’ are to the 12 months period ended on March 31 of that year.

Our Company publishes its financial statements in Indian Rupees. We have prepared our audited standalone financial statements in accordance with Indian GAAP and Ind AS, as applicable, in accordance with applicable guidelines issued by the RBI, the Companies Act, 2013 and under applicable law. As required under applicable regulations, we have included the following in this Preliminary Placement Document: In this Preliminary Placement Document we have included: (i) the Indian GAAP audited standalone and consolidated financial statements for Fiscal 2017 and Fiscal 2018; (ii) the Ind AS audited standalone and consolidated financial statements for Fiscal 2019; (iii) the Ind AS audited standalone and consolidated interim financial statements for the six months ended September 30, 2019; (iv) the Ind AS unaudited standalone interim financial results for the quarter and nine months ended December 31, 2019; and (v) the Ind AS unaudited consolidated interim financial results for the quarter and nine months ended December 31, 2019. Our Ind AS audited standalone and consolidated financial statements for Fiscal 2019 also include the reconciliation statements of the Ind AS financial figures for Fiscal 2018 with our historical Indian GAAP financial statements for Fiscal 2018 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements. Unless the context otherwise requires or except as specifically indicated, all financial information in this Preliminary Placement Document has been derived from the financial statements / results of each of the respective Fiscals/ periods. However, all financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively.

Indian GAAP also differs in certain material respects from Ind AS which is applicable to our Company for financial periods commencing April 1, 2018. Given that Ind AS differs in many respects from Indian GAAP, the financial information as of and for the nine months ended December 31, 2019 (including comparative financial information for the nine months ended December 31, 2018 prepared under Ind AS), as of and for the six months ended September 30, 2019 (including comparative financial information for the six months ended September 30, 2018 prepared under Ind AS) and as of and for the year ended March 31, 2019 (including the comparative financial information for the year ended March 31, 2018 prepared under Ind AS) is not comparable with the previous years' financial information as per Indian GAAP. See "*Risk Factors – We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2018. Our audited standalone and consolidated financial statements for Fiscal 2019, audited standalone and consolidated financial statements for the six months ended September 30, 2019 and the unaudited standalone and consolidated financial results for the nine months ended December 31, 2019 are not comparable with the historical Indian GAAP financial statements for Fiscal 2017 and Fiscal 2018 included in this Preliminary Placement Document.*" on page 65.

Our Indian GAAP standalone and consolidated financial statements for Fiscal 2017 have been audited by Deloitte Haskins & Sells, Chartered Accountants, our previous statutory auditor. Our standalone and consolidated financial statements for Fiscal 2018 and Fiscal 2019 and interim standalone and consolidated financial statements for the six months ended September 30, 2019 have been audited by S.R. Batliboi & Associates LLP, Chartered Accountants, our current statutory auditor. Further, our unaudited interim standalone and consolidated financial statements for the six months ended September 30, 2018 and our unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 and 2018 have also been subjected to a limited review by S.R. Batliboi & Associates LLP, Chartered Accountants.

Ind AS and Indian GAAP differ in certain significant respects from International Financial Reporting Standards (the "**IFRS**") and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements, to those of U.S. GAAP or IFRS. See "*Risk Factors – Significant differences exist between Indian GAAP, Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.*" on page 83.

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our businesses contained in this Preliminary Placement Document consists of estimates based on data and reports compiled by government bodies, professional organizations, industry publications and analysts, data from other external sources and knowledge of the markets in which we compete. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory/ government publications and websites, more particularly described in "*Industry Overview*" on page 141.

The information disclosed in the "*Industry Overview*" section of this Preliminary Placement Document is based on the report of ICRA titled "*Retail-NBFC Credit Trends*" dated October 2019. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company, nor the BRLMs have independently verified this data and make any representation regarding the accuracy or completeness of such data. Similarly, while we believe that our internal estimates are reasonable, such estimates have not been verified by any independent sources, and neither our Company nor any of the BRLMs can assure potential investors as to their accuracy. For risks in this regard, see "*Risk Factors - Some of the information disclosed in this Preliminary Placement Document is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may prove to be incorrect. Investors should not place undue reliance on, or base their investment decision on this information."* on page 80.

AVAILABLE INFORMATION

Our Company has agreed that, for so long as any Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, our Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act, subject to compliance with the applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- Any disruption in our sources of funding
- Any adverse development in the Indian automotive sector or in government policies affecting this industry, including the new and used vehicle financing industry
- Inability to compete effectively in an increasingly competitive industry
- The volatility in interest rates and other market conditions
- Default from our customers
- Our inability to control the level of gross NPAs / Stage III Assets in our portfolio effectively
- A decline in our capital adequacy ratio could also restrict our future business growth
- Restriction on sources of funding pursuant to RBI regulations applicable to various banks and NBFCs
- Our inability to maintain relationships with automotive dealers and motor vehicle OEMs

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*” and on pages 61, 100, 141 and 158, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither our Company nor the BRLMs undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. It may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. Dollar (in ₹ per US$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI/ FBIL, which are available on the website of the RBI/FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(Per US$)

	Period end[(1)]	**Average**[(2)]	**High**[(3)]	**Low**[(4)]
Fiscal Year:				
2019	69.17	69.89	74.39	64.93
2018	65.04	64.45	65.76	63.35
2017	64.84	67.09	68.72	64.84
Month ended:				
December 31, 2019	71.27	71.19	71.78	70.72
November 30, 2019	71.73	71.45	72.05	70.68
October 31, 2019	70.81	71.04	71.51	70.73
September 30, 2019	70.69	71.33	72.19	70.69
August 31, 2019	71.76	71.15	72.18	69.06
July 31, 2019	68.86	68.81	69.06	68.37

(Source: www.rbi.org.in *and www.fbil.org.in)*

***Note**:*

1. *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further, any references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*" on pages 238, 141, 241 and 229, respectively, shall have the meaning given to such terms in such sections.

General terms

Term	Description
"Issuer", "Company", "we", "us" or "our"	Cholamandalam Investment and Finance Company Limited, a public limited company incorporated on August 17, 1978 under the Companies Act, 1956 and having its registered office at Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India

Company related terms

Term	Description
Articles or Articles of Association	Articles of association of our Company, as amended from time to time
Associate	White Data System India Private Limited (with effect from October 2018)
Audit Committee	Audit committee of the Board of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Board of Directors and Senior Management*" on page 182.
"Board of Directors" or "Board"	The board of directors of our Company or any duly constituted committee thereof
Corporate Office	The corporate office of our Company located at Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Company
Director(s)	The directors of our Company
Equity Share(s)	The equity shares of our Company having a face value of ₹ 2 each
ESOP Scheme 2007	The Employee Stock Option Scheme, 2007 of our Company
ESOP Scheme 2016	The Employee Stock Option Scheme, 2016 of our Company
Financial Statements	Collectively (i) the Indian GAAP audited standalone and consolidated financial statements for Fiscal 2017 and Fiscal 2018; (ii) the Ind AS audited standalone and consolidated financial statements for Fiscal 2019; (iii) the Ind AS audited standalone and consolidated interim financial statements for the six months ended September 30, 2019; (iv) the Ind AS unaudited standalone interim financial results for the quarter and nine months ended December 31, 2019; and (v) the Ind AS unaudited consolidated interim financial results for the quarter and nine months ended December 31, 2019. Our Ind AS audited standalone and consolidated financial statements for Fiscal 2019 also include the reconciliation statements of the Ind AS financial figures for Fiscal 2018 with our historical Indian GAAP financial statements for Fiscal 2018 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements. Unless the context otherwise requires or except as specifically indicated, all financial information in this Preliminary Placement Document has been derived from the financial statements / results of each of the respective Fiscals/ periods. However, all financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative

Term	Description
	financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively.
Group	Collectively, the Company, its Subsidiaries and its Associate
IT Strategy Committee	IT strategy committee of our Company
Key Managerial Personnel	Key managerial personnel of our Company identified in terms of Section 203 of the Companies Act, 2013
Memorandum or Memorandum of Association	Memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company
Promoters	Collectively, Cholamandalam Financial Holdings Limited, Ambadi Investments Limited, M.A. Alagappan, Arun Alagappan, Arun Venkatachalam, M.A. Alagappan (who holds shares on behalf of Kadamane Estates), Ambadi Enterprises Limited, M.A.M. Arunachalam, V. Vellayan, M.M. Venkatachalam, S. Vellayan, M.M. Murugappan, M.V. Subbiah (in the capacity of Karta of HUF), M.V. Subbiah, A. Venkatachalam, V. Narayanan, V. Arunachalam, M.V. Murugappan, M.A. Alagappan (HUF), M.A. Alagappan (HUF), A. Vellayan (HUF), A. Venkatachalam (HUF), M.M. Murugappan (HUF), M.M. Murugappan (HUF), M.A.M. Arunachalam (HUF), M.V. Murugappan HUF (Karta – Valli Arunachalam), M.M. Muthiah, M.V. Muthiah, M.V. Subramanian, Carborundum Universal Limited, E.I.D. Parry (India) Limited, Coromandel International Limited (earlier known as Coromandel Fertilisers Ltd.), Tube Investments of India Limited (formerly, TI Financial Holdings Ltd.), Murugappa & Sons (M.V. Murugappan, M.A. Alagappan and M.M. Murugappan hold Equity Shares on behalf of the firm) and M.M. Veerappan
Registered Office	The registered office of our Company located at Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India
Risk Management Committee	Risk management committee of our Company
Shareholders	The shareholders of our Company
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Company
Statutory Auditor	Our Company's current statutory auditors, namely S. R. Batliboi & Associates LLP, Chartered Accountants
Subsidiaries	Cholamandalam Securities Limited, Cholamandalam Home Finance Limited and White Data Systems India Private Limited (up to September 2018)

Issue related terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares by our Company, in consultation with the BRLMs, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the BRLMs and in compliance with Chapter VI of the SEBI Regulations
Allot/ Allotment/ Allotted	Unless, the context otherwise requires, allotment of Equity Shares to be issued pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Issue Period
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares, pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid/Issue Closing Date	[●], 2020, the date after which our Company (or BRLMs on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount
Bid/Issue Opening Date	January 27, 2020, the date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Bid Amount
Bid/Issue Period	Period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Bid Amount

Term	Description
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Book Running Lead Managers or BRLMs	Axis Capital Limited and Ambit Capital Private Limited
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after discovery of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about [●], 2020
Designated Date	The date of credit of Equity Shares to the Allottees' demat accounts pursuant to the Issue, as applicable to the relevant allottees
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI Regulations which is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI Regulations or (b) restricted from participating in the Issue under the applicable laws, including the SEBI Regulations
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted, as set out in the Application Form
Escrow Agent	Axis Bank Limited
Escrow Agreement	Agreement dated January 24, 2020 entered into amongst our Company, the Escrow Agent and the BRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	The floor price of ₹322.59 per Equity Share, calculated in accordance with Chapter VI of the SEBI Regulations. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders of our Company accorded through their resolution passed by way of postal ballot on January 13, 2020 and in terms of Regulation 176(1) of the SEBI Regulations.
Issue	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI Regulations and the provisions of the Companies Act, 2013, other provisions of the Companies Act and the rules made thereunder
Issue Price	₹[●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹[●] lakhs
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Placement Agreement	Agreement dated January 27, 2020 entered into amongst our Company and the BRLMs
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI Regulations and Section 42 of the Companies Act, 2013, other provisions of the Companies Act and the rules made thereunder
Preliminary Placement Document	This preliminary placement document cum application form dated January 27, 2020 issued in accordance with Chapter VI of the SEBI Regulations and Section 42 of the Companies Act, 2013, other provisions of the Companies Act and the rules made thereunder
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI Regulations and Section 42 of the Companies Act, 2013, other provisions of the Companies Act and the rules made thereunder
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	January 27, 2020, which is the date of the meeting of our Board, or any committee duly authorised by our Board, deciding to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are allocated equity shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI Regulations
Working day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Industry Related and Technical Terms

Term	Description
12mECL	12 month's expected credit loss
AI	Artificial intelligence
ALM	Asset liability management
AML	Anti-money laundering
AUM	Assets Under Management represents the sum of Business AUM and Investments.
Average Net Worth	Average Net Worth is computed as the average of Net Worth balances at the end of each quarter.
Average Closing Assets (Balance sheet)	Average Closing Assets (Balance Sheet) is computed as the average of Closing Assets (Balance Sheet) at the end of each quarter.
Business AUM	Business AUM represents the sum of Loans and De-recognised Loans.
CAR	Capital Adequacy Ratio
CARE	Credit Analysis and Research Limited
CASA	Current Account Savings Account
CDSL	Central Depository Services (India) Limited
CIBIL	TransUnion CIBIL Limited
Closing Assets (Balance Sheet)	Closing Assets (Balance Sheet) represents the sum of Loans and Investments.
CRAR	Capital-to-risk weighted asset ratio
CRISIL	CRISIL Ratings, a division of CRISIL Limited
CV	Commercial vehicle
De-recognised Loans	De-recognised Loans represent outstanding assigned assets as per books as at the end of the relevant year/ period.
Disbursements	Disbursements represents amount disbursed to customers during the relevant year /period
DSA	Direct selling agent
DST	Direct sales team
ECL	Expected credit loss
Expense Ratio	Expense Ratio represents Operating Expense divided by Average Closing Assets (Balance Sheet)
FFI	Foreign financial institution
FTU	First time users
HCV	Heavy commercial vehicles
HFC	Housing finance companies
HQLA	High quality liquid asset
IBC	Insolvency and Bankruptcy Code, 2016
ICRA	ICRA Limited
India Ratings	India Ratings and Research Private Limited
Investments (including deposits)	Investments represents investment in subsidiaries and associates and term deposits with banks excluding interest accrued as at the end of the relevant year/ period
LAP	Loan Against Property
LCV	Light commercial vehicles
Loans	Loans represents on-balance sheet balances of receivables outstanding including loans given to subsidiaries as at the end of the relevant year/ period.
Loan Losses	Loan Losses represents credit losses divided by Average Closing Assets (Balance Sheet)
LTECL	Lifetime expected credit loss
LTV	Loan to value
MCLR	Marginal Cost of Funds based Lending Rate
MFI	Microfinance institutions
MUV	Multi-utility vehicles
NAV	Net asset value, calculated by dividing Net Worth by number of equity shares outstanding as on the respective date
NBFC	Non-banking finance company

Term	Description
NBFC – MFI	Non-banking financial company – microfinance institutions
NBFC – D	Deposit taking non-banking finance company
NBFC – ND	Non deposit taking non-banking finance company
Net Income Margin	Net income margin represents the percentage of Total Income less finance costs divided by Average Closing Assets (Balance sheet)
Net Worth	Net worth represents the sum of equity share capital and other equity.
NPA	Non-Performing Assets
NSDL	National Securities Depository Limited
OEMs	Original equipment manufacturers
Operating Expense	Operating expense represents employee benefit expense, other expenses and depreciation and amortization expenses in the relevant year/ period
Return on Total Assets – PBT	Return on Total Assets – PBT represents net Profit Before Tax divided by Average Closing Assets (Balance Sheet)
Return on Total Assets – PAT	Return on Total Assets – PAT represents net Profit After Tax divided by Average Closing Assets (Balance Sheet)
SCV	Small commercial vehicles
SME	Small and medium-sized enterprises
SRTO	Small road transport operators
Stage III Assets	Loans considered credit-impaired
UPI	Unified Payment Interface

Conventional and General Terms/Abbreviations

Term	Description
“Fiscal Year” or “financial year” or “FY” or “Fiscal”	Period of 12 months ended March 31 of that particular year, unless otherwise stated
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AY	Assessment year
BSE	BSE Limited
Calendar Year	Year ending on December 31
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CEO	Chief executive officer appointed under the Companies Act, 2013
CII	Confederation of Indian Industry
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade
ECB	External commercial borrowing
ECS	Electronic clearing service
EEA	European Economic Area
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, and the regulations issued thereunder

Term	Description
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FIR	First information report
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes person who has been registered under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GIR	General index registrar
GoI/Government	Government of India, unless otherwise specified
GST	Goods and services tax
HFCs	Housing finance companies
HR	Human resources
HUF	Hindu undivided family
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India, notified by the MCA under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, as amended
IPC	Indian Penal Code, 1860
IT	Information technology
IT Act	The Income Tax Act, 1961
MAT	Minimum alternate tax
MCA	Ministry of Corporate Affairs
MoU	Memorandum of understanding
NBV	Net book value
NEAT	National Exchange for Automated Trading
NHB	National Housing Bank
NRE	Non-resident (external)
NRI	Non-resident Indian
NRO	Non-resident (ordinary)
NSE	The National Stock Exchange of India Limited
PBT	Profit before tax
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies
Rs./Rupees/INR/₹	Indian Rupees
Rule 144A	Rule 144A under the U. S. Securities Act
S& P CNX NIFTY	Index of 50 stocks traded on the NSE representing the largest and most liquid listed securities
S&P	Standard & Poor’s Rating Services

Term	Description
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ESOP Regulations	The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
Stock Exchanges	The BSE and the NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
U.K. or United Kingdom	United Kingdom of Great Britain and Northern Ireland
U.S. Benefit Plan Investor	Means (a) any employee benefit plan that is subject to Title I of the U.S. Employee Retirement Income Security Act of 1974; (b) any plan not described in (a) but described in, and subject to, Section 4975 of the U.S. Internal Revenue Code; and (c) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Holder	Has the meaning given to that term in “*Certain United States Federal Income Tax Considerations*” on page 224
U.S. QIBs	Qualified institutional buyers as defined in Rule 144A
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
US$/U.S. dollar	United States Dollar, the legal currency of the United States of America
USA/U.S./United States	The United States of America
VCF	Venture capital fund

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 61, 90, 207, 196 and 222, respectively.

Issuer	Cholamandalam Investment and Finance Company Limited
Face Value	₹2 per Equity Share
Issue Price	₹[●] per Equity Share
Floor Price	₹322.59 per Equity Share calculated on the basis of Regulation 176 of the SEBI Regulations. In terms of the SEBI Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the shareholders of our Company accorded through their resolution passed by way of postal ballot on January 13, 2020 and in terms of Regulation 176(1) of the SEBI Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹[•] lakhs A minimum of 10% of the Issue Size, i.e., up to [●] Equity Shares shall be available for Allocation to Mutual Funds only and the balance [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion may be Allotted to other Eligible QIBs.
Date of Board Resolution	December 12, 2019
Date of Shareholders' Resolution	January 13, 2020, passed by way of postal ballot
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are eligible to bid and participate in the Issue. For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 196, 209 and 216, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered has been determined by our Company in consultation with the BRLMs.
Equity Shares subscribed, paid-up and outstanding immediately prior to the Issue	781,876,105 Equity Shares
Equity Shares subscribed, paid-up and outstanding immediately after the Issue	[●] Equity Shares
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, 2013, other provisions of the Companies Act, read with rules made thereunder and Chapter VI of the SEBI Regulations. For further details, see "*Issue Procedure*" beginning on page 196.
Listing	Our Company has obtained in-principle approvals dated January 27, 2020 from BSE and NSE in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final listing and trading approval for the Equity Shares.
Lock-up	For details of the lock-up, see "*Placement – Lock-up*" on page 207.
Transferability Restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. For details in relation to other transfer restrictions, see "*Transfer Restrictions*" on page 216.
Use of Proceeds	The gross proceeds from the Issue will be aggregating to approximately ₹[•] lakhs. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are expected to be approximately ₹[●] lakhs. See "*Use of Proceeds*" on page 87 for information regarding the use of net proceeds from the Issue.
Risk Factors	See "*Risk Factors*" beginning on page 61 for a discussion of risks you should consider before investing in the Equity Shares.
Closing Date	The Allotment of the Equity Shares, expected to be made on or about [●].
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The shareholders of our Company (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after

	the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. See sections "*Dividends*" and "*Description of the Equity Shares*" on pages 99 and 222, respectively.	
Security Codes for the Equity Shares	ISIN	INE121A01016
	BSE Code	511243
	NSE Code	CHOLAFIN EQ

SELECTED FINANCIAL INFORMATION

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, (i) the financial information for the nine months ended December 31, 2019 included herein is derived from the Ind AS unaudited standalone financial results for the nine months ended December 31, 2019; (ii) the financial information for the six months ended September 30, 2019 included herein is derived from the Ind AS audited interim standalone financial statements for the six months ended September 30, 2019; (iii) the financial information for Fiscal 2019 included herein is derived from the Ind AS audited standalone financial statements for Fiscal 2019; and (iv) the financial information for Fiscal 2018 and Fiscal 2017 included herein is derived from the Indian GAAP audited standalone financial statements for Fiscal 2018 and Fiscal 2017, respectively, included in this Preliminary Placement Document. Financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively.

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Summary Standalone Balance Sheet (Derived from Ind AS Financials Statements)

₹ in lakhs

	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018
ASSETS			
Financial Assets			
Cash and Cash Equivalents	5,51,965	3,13,893	25,379
Bank Balances other than Cash and Cash Equivalents	76,311	53,592	63,416
Derivative financial instruments	13,272	8,869	599
Receivables			
i) Trade Receivables	1,138	441	3,823
ii) Other Receivables	4,362	3,908	5,577
Loans	55,70,061	52,62,227	42,25,323
Investments	7,292	7,292	7,292
Other Financial Assets	29,844	12,432	7,730
	62,54,245	**56,62,654**	**43,39,139**
Non- Financial Assets			
Current tax assets (Net)	21,151	15,719	15,961
Deferred tax assets (Net)	37,861	45,300	36,171
Investment Property	47	47	5
Property, Plant and Equipment	26,665	14,253	14,005
Intangible assets under development	986	1,310	380
Other Intangible assets	1,907	1,976	2,070
Other Non-Financial Assets	2,803	1,371	1,242
	91,420	**79,976**	**69,834**
TOTAL ASSETS	**63,45,665**	**57,42,630**	**44,08,973**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	1,260	841	7,655
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	19,063	20,742	17,063
(II) Other Payables			
i) Total outstanding dues of micro and small enterprises	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	6,844	12,894	10,047
Debt Securities	13,28,090	14,18,431	14,37,395
Borrowings(Other than Debt Securities)	38,56,945	32,12,375	20,16,635
Subordinated Liabilities	4,05,313	4,25,868	3,79,003
Other Financial Liabilities	42,417	21,207	19,967
	56,59,932	**51,12,358**	**38,87,765**
Non-Financial Liabilities			
Current tax Liabilities (Net)	-	-	-
Provisions	8,474	7,402	6,343
Other Non-Financial Liabilities	3,397	5,296	5,051
	11,871	**12,698**	**11,394**
Equity			
Equity share capital	15,644	15,643	15,640
Other Equity	6,58,218	6,01,931	4,94,174
	6,73,862	**6,17,574**	**5,09,814**
TOTAL LIABILITIES AND EQUITY	**63,45,665**	**57,42,630**	**44,08,973**

Summary Standalone Statement of Profit and Loss (Derived from Ind AS Financial Statements)

₹ in lakhs

	Six months ended September 30, 2019	**Six months ended September 30, 2018**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Revenue from Operations				
Interest Income	3,95,217	3,08,162	6,56,526	5,23,581
Net gain on derecognition of financial instruments under amortised cost category	1,31,68	4,288	8,670	-
Fee Income	9,856	8,444	18,631	15,369
Net gain on Fair value change on financial instruments	706	2,163	6,328	991
Sale of Services	3,697	5,020	9,042	7,982
Total Revenue from operations (I)	4,22,644	3,28,077	6,99,197	5,47,923
Other income (II)	10	30	67	43
Total Income (III) = (I) + (II)	**4,22,654**	**3,28,107**	**6,99,264**	**5,47,966**
Expenses				
Finance costs	2,26,393	1,65,154	3,58,874	2,65,933
Net Loss on Fair value change on financial instrument				
Impairment of Financial Instruments	20,468	15,951	31,120	30,370
Employee benefits expense	31,795	27,552	59,058	53,679
Depreciation and amortisation expense	4,952	2,542	5,548	4,968
Other expenses	38,415	27,078	62,349	52,879
Total Expenses (IV)	**3,22,023**	**2,38,277**	**5,16,949**	**4,07,829**
Profit before tax (V) = (III) - (IV)	**1,00,631**	**89,830**	**1,82,315**	**1,40,137**
Tax expense				
- Current tax				
Pertaining to profit for the current period	28,894	33,713	71,449	53,359
Adjustment of tax relating to earlier periods	-	-	1,600	-
- Current tax	28,894	33,713	73,049	53,359
- Deferred tax	9,617	(2,875)	(9,349)	(5,052)
Net tax expense (VI)	**38,511**	**30,838**	**63,700**	**48,307**
Profit for the period - A = (V) - (VI)	**62,120**	**58,992**	**1,18,615**	**91,830**
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)	(386)	(321)	(678)	66
Income tax impact	97	110	237	(23)
Net loss on equity instrument designated at FVOCI for the year	-	-	-	(129)
Income tax impact	-	-	-	-
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cashflow Hedge Reserve	(4,547)	2,864	1,306	1,100
Income tax impact	2,081	(880)	(456)	(384)
Other comprehensive income/(loss) net of tax for the period (B)	**(2,755)**	**1,773**	**409**	**630**
Total comprehensive income net of tax for the period (A + B)	**59,365**	**60,765**	**1,19,024**	**92,460**

Summary Standalone Cash Flow Statement (Derived from Ind AS Financial Statement)

₹ in lakhs

	Six months ended September 30, 2019	Year ended March 31, 2019	Year ended March 31, 2018
Net Cash Used In Operating Activities	(2,61,360)	(9,29,381)	(7,92,291)
Net Cash Used In Investing Activities	(3,331)	(358)	(6,279)
Net Cash From Financing Activities	5,02,762	12,18,253	7,96,545
Net Increase/(Decrease) in Cash And Cash Equivalents	2,38,071	2,88,514	(2,025)
Cash And Cash Equivalents At The Beginning Of The Period	3,13,893	25,379	27,404
Cash And Cash Equivalents At The End Of The Period	5,51,965	3,13,893	25,379

Summary Consolidated Balance Sheet (Derived from Ind AS Financial Statements)

₹ in lakhs

	As at September 30, 2019	As at March 31, 2019	As at March 31,2018
ASSETS			
Financial Assets			
Cash and cash equivalents	5,54,899	3,16,435	30,958
Bank balances other than cash and cash equivalents	77,139	54,411	64,227
Derivative financial instruments	13,272	8,869	599
Receivables			
i) Trade receivables	3,341	4,128	6,884
ii) Other receivables	4,362	3,908	5,577
Loans	55,69,461	52,61,077	42,24,396
Investments			
i) Associate	2,490	2,519	-
ii) Others	1,288	1,631	2,272
Other financial assets	31,771	13,896	10,250
	62,58,023	**56,66,874**	**43,45,163**
Non- Financial Assets			
Current tax assets (Net)	21,839	16,181	16,082
Deferred tax assets (Net)	38,558	46,012	36,581
Goodwill on Consolidation	-		701
Investment property	47	47	5
Property, plant and equipment	27,348	14,464	14,141
Intangible assets under development	1,032	1,397	380
Other intangible assets	2,184	2,220	2,203
Other non-financial assets	3,378	1,817	1,422
	94,386	**82,138**	**71,515**
TOTAL ASSETS	**63,52,409**	**57,49,012**	**44,16,678**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	1,260	841	7,655
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	21,653	23,145	21,403
(II) Other payables			
i) Total outstanding dues of micro and small enterprises	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	6,846	12,894	10,050
Debt securities	13,28,090	14,18,431	14,37,395
Borrowings(Other than Debt securities)	38,56,945	32,12,375	20,16,636
Subordinated liabilities	4,05,313	4,25,868	3,79,003
Other financial liabilities	43,347	21,676	20,406
	56,63,454	**51,15,230**	**38,92,548**
Non-Financial Liabilities			
Provisions	8,541	7,466	6,396
Other non-financial liabilities	3,500	5,445	5,154
	12,041	**12,911**	**11,550**
Equity			
Equity share capital	15,644	15,642	15,640
Other equity	6,61,270	6,05,229	4,96,906
Non-Controlling Interest	-	-	34
Total Equity	**6,76,914**	**6,20,871**	**5,12,580**
TOTAL LIABILITIES AND EQUITY	**63,52,409**	**57,49,012**	**44,16,678**

Summary Consolidated Statement of Profit and Loss (Derived from Ind AS Financial Statements)

₹ in lakhs

	Six months ended September 30, 2019	**Six months ended September 30, 2018**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Revenue from Operations				
Interest income	3,95,313	3,08,227	6,56,596	5,23,438
Net gain on derecognition of financial instruments under amortised cost category	13,168	4,288	8,670	-
Fee & commission income	12,862	11,242	24,727	17,931
Net gain on fair value change on financial instrument	710	2,237	6,334	1,004
Sale of services	3,697	8,516	12,435	13,495
Total Revenue from operations (I)	**4,25,750**	**3,34,510**	**7,08,762**	**5,55,868**
Other income (II)	26	59	2,121	60
Total Income (III) = (I) + (II)	**4,25,776**	**3,34,569**	**7,10,883**	**5,55,928**
Expenses				
Finance costs	2,26,444	1,65,176	3,58,814	2,65,668
Impairment of financial instruments	20,469	15,958	31,134	30,841
Employee benefits expense	34,132	30,116	60,468	55,081
Depreciation and amortisation expense	5,115	2,617	5,699	5,086
Other expenses	38,821	31,875	71,615	59,171
Total Expenses (IV)	**3,24,981**	**2,45,742**	**5,27,730**	**4,15,847**
Profit before tax (V) = (III) - (IV)	**1,00,795**	**88,827**	**1,83,153**	**1,40,081**
Tax expense/(benefit)				
Current tax				
Pertaining to profit for the current period	28,926	33,793	71,532	53,505
Adjustment of tax relating to earlier periods	15		1,596	(66)
Deferred tax	9,614	(2,902)	(9,669)	(5,127)
Net tax expense (VI)	38,555	30,891	63,459	48,312
Profit for the period - A = (V) - (VI)	62,240	57,936	1,19,694	91,769
Share of loss from associate (net of tax)	(29)		35	-
Profit for the period	**62,211**	**57,936**	**1,19,659**	**91,769**
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)	(381)	(325)	(706)	69
Income tax impact	96	110	245	(22)
Net (Loss) / gain on equity instruments designated at FVOCI for the year	(345)	(324)	(619)	6
Income tax impact	7	1	-	(3)
ii)Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cashflow Hedge Reserve	(4,547)	2,864	1,306	1,100
Income tax impact	2,081	(880)	(437)	(384)
Other comprehensive income/(loss) net of tax for the period (B)	**(3089)**	**1,446**	**(211)**	**(766)**
Total Comprehensive Income net of tax (A) + (B)	**59,122**	**59,382**	**1,19,448**	**92,535**
Profit for the period attributable to :				

	Six months ended September 30, 2019	Six months ended September 30, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Equity holders of the Parent Company	62,211	58,083	1,19,806	91,930
Non-Controlling Interest	-	(147)	(147)	(164)
Other Comprehensive Income (net of tax) for the period attributable to :				
Equity holders of the Parent Company	(3,089)	1,446	(211)	766
Non-Controlling Interest	-		-	3
Total Comprehensive Income for the period attributable to :				
Equity holders of the Parent Company	59,122	59,529	1,19,595	92,696
Non-Controlling Interest	-	(147)	(147)	(161)

Summary Consolidated cash flow Statement (Derived from Ind AS Financial Statements)

₹ in lakhs

	Six months ended September 30, 2019	Year ended March 31, 2019	Year ended March 31, 2018
Net Cash Used In Operating Activities	(2,60,769)	(9,31,734)	(7,92,634)
Net Cash Used In Investing Activities	(3,497)	(1,086)	(6,012)
Net Cash From Financing Activities	5,02,195	(12,19,059)	(8,00,865)
Net Increase/Decrease in Cash And Cash Equivalents	2,37,929	2,86,239	2,219
Cash And Cash Equivalents At The Beginning Of The Period	3,16,158	29,969	27,750
Cash And Bank Balances On Loss Of Control In Subsidiary During The Period	-	(50)	-
Cash And Cash Equivalents At The End Of The Period	5,54,087	3,16,158	29,969

Summary Standalone Balance Sheet (Derived from Indian GAAP Financial Statements)

₹ in lakhs

	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	15,640	15,634
Reserves and surplus	4,99,383	4,15,633
	5,15,022	**4,31,267**
Share Application Money pending Allotment	**-**	**18**
Non-current liabilities		
Long-term borrowings	20,54,516	15,10,457
Other long-term liabilities	12,972	19,693
Long-term provisions	65,558	58,621
	21,33,045	**15,88,771**
Current liabilities		
Short-term borrowings	3,68,237	3,36,664
Trade payables		
i) Dues to Micro and Small Enterprises	-	-
ii) Other Trade payables	36,062	27,513
Current maturities of long-term borrowings	7,67,474	5,73,555
Other current liabilities	1,19,740	1,05,682
Short-term provisions	10,876	8,644
	13,02,390	**10,52,058**
TOTAL	**39,50,457**	**30,72,114**
ASSETS		
Non-current assets		
Fixed assets		
(i) Property, Plant and Equipment/Tangible assets	14,006	11,813
(ii) Intangible assets	2,070	2,195
	16,076	**14,008**
Non-current investments	23,827	19,244
Deferred tax assets (Net)	33,956	31,516
Receivables under financing activity	25,98,947	19,93,996
Long-term loans and advances	18,232	11,723
Other non-current assets	52,405	54,156
	27,43,442	**21,24,643**
Current assets		
Current investments	8,072	4,610
Cash and Bank Balances	39,251	48,698
Receivables under financing activity	11,21,168	8,47,526
Short-term loans and advances	2,973	5,110
Other current assets	35,551	41,527
	12,07,015	**9,47,471**
TOTAL	**39,50,457**	**30,72,114**

Summary Standalone Statement of Profit and Loss (Derived from Indian GAAP Financial Statements)

₹ in lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
Revenue		
- Revenue from operations	5,42,533	4,65,955
- Other income	44	80
Total Revenue	**5,42,577**	**4,66,035**
Expenses		
- Finance costs	2,30,785	2,23,080
- Business origination outsourcing	26,086	17,842
- Employee benefits expense	52,766	40,265
- Other expenses / Other operating expense	45,132	39,416
- Depreciation and amortisation expense	4,968	3,811
- Provisions and loan losses	34,509	31,063
Total Expenses	**3,94,246**	**3,55,477**
Profit before tax	**1,48,331**	**1,10,558**
Tax expense/(benefit)		
- Current tax		
- Pertaining to profit for the current period	53,359	41,805
- Adjustment of tax relating to earlier periods	-	245
- Deferred tax	(2,440)	(3,366)
Net tax expense	50,919	38,684
Profit for the year	**97,412**	**71,874**

Summary Standalone Cash Flow Statement (Derived from Indian GAAP Financial Statements)

₹ in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Cash Used in Operating Activities (A)	(7,59,621)	(1,32,034)
Net Cash Used in Investing Activities (B)	(7,928)	(20,155)
Net Cash From Financing Activities (C)	7,65,525	1,52,977
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	**(2,025)**	**788**
Cash and Cash Equivalents at the Beginning of the year	27,404	26,616
Cash and Cash Equivalents at the End of the year	25,379	27,404

Summary Consolidated Balance Sheet (Derived from Indian GAAP)

₹ in lakhs

	As at March 31, 2018	**As at March 31, 2017**
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	15,640	15,634
Reserves and surplus	5,00,811	4,16,932
	5,16,451	**4,32,566**
Share Application Money pending Allotment	**-**	**18**
Minority Interest	**38**	**200**
Non-current liabilities		
Long-term borrowings	20,54,516	15,10,457
Other long-term liabilities	12,972	19,693
Long-term provisions	65,554	58,621
	21,33,042	**15,88,771**
Current liabilities		
Short-term borrowings	3,68,237	3,23,814
Trade payables		
i) Dues to Micro and Small Enterprises	-	-
ii) Other Trade payables	40,386	29,869
Current maturities of Long-term borrowings	7,67,474	5,73,556
Other current liabilities	1,20,280	1,05,964
Short-term provisions	10,928	8,700
	13,07,306	**10,50,903**
TOTAL	**39,56,837**	**30,72,458**
ASSETS		
Non-current assets		
Fixed assets		
(i) Property, Plant and Equipment/Tangible assets	14,141	11,968
(ii) Intangible assets	2,203	2,308
	16,344	**14,276**
Goodwill on Consolidation	701	701
Non-current investments	17,516	13,432
Deferred tax assets (Net)	33,986	31,538
Receivables under financing activity	25,98,019	19,93,996
Long-term loans and advances	19,054	12,390
Trade receivables	1	1
Other non-current assets	53,218	54,156
	27,38,839	**21,20,490**
Current assets		
Current investments	8,168	4,775
Trade receivables	3,062	2,184
Cash and Bank Balances	44,821	51,010
Receivables under financing activity	11,21,168	8,47,259
Short-term loans and advances	5,153	4,995
Other current assets	35,626	41,745
	12,17,998	**9,51,968**
TOTAL	**39,56,837**	**30,72,458**

Summary Consolidated Statement of Profit and Loss (Derived from Indian GAAP)

₹ in lakhs

	Year ended March 31, 2018	**Year ended March 31, 2017**
Revenue		
- Revenue from operations	5,50,064	4,69,347
- Other income	63	337
Total Revenue	**5,50,126**	**4,69,684**
Expenses		
- Finance costs	2,30,521	2,22,792
- Business origination outsourcing	26,518	18,177
- Employee benefits expenses	54,158	41,409
- Other expenses / Other operating expenses	50,491	41,065
- Depreciation and amortisation expense	5,086	3,902
- Provisions and loan losses	34,977	31,596
Total Expenses	**4,01,750**	**3,58,941**
Profit before tax	**1,48,376**	**1,10,743**
Tax expense/(benefit):		
- Current Tax		
- Pertaining to profit for the current period	53,497	41,985
- Adjustment of tax relating to earlier periods	2	246
- MAT Credit Entitlement		
- Current year	36	18
- Prior years	(91)	1
- Deferred tax	(2,448)	(3,299)
Net tax expense	50,996	38,951
Profit for the period before share of minority interest	**97,381**	**71,792**
Add : Share of Loss attributable to minority interest	162	151
Profit for the year	**97,542**	**71,943**
Earnings per equity share of ₹ 10 each		
- Basic (₹)	62.41	46.05
- Diluted (₹)	62.35	46.03

Summary Consolidated Cash Flow Statement (Derived from Indian GAAP)

₹ in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net Cash Used in Operating Activities (A)	(7,59,215)	(1,29,687)
Net Cash Used in Investing Activities (B)	(12,292)	(22,186)
Net Cash Flow From Financing Activities (C)	7,69,375	1,52,103
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(2,132)	230
Cash and Cash Equivalents at the Beginning of the year	27,751	27,521
Cash and Cash Equivalents at the End of the year	25,619	27,751

SELECTED STATISTICAL INFORMATION

This section should be read together with "Selected Financial Information", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 40, 241, and 100, respectively. Unless otherwise specified, the statistical information presented in this section is on a standalone basis.

Unless otherwise indicated or the context requires, (i) the financial information for the nine months ended December 31, 2019 included herein is derived from the Ind AS unaudited standalone financial results for the nine months ended December 31, 2019; (ii) the financial information for the six months ended September 30, 2019 included herein is derived from the Ind AS audited interim standalone financial statements for the six months ended September 30, 2019; (iii) the financial information for Fiscal 2019 included herein is derived from the Ind AS audited standalone financial statements for Fiscal 2019; and (iv) the financial information for Fiscal 2018 and Fiscal 2017 included herein is derived from the Indian GAAP audited standalone financial statements for Fiscal 2018 and Fiscal 2017, respectively, included in this Preliminary Placement Document. Financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively. For further information, see "Financial Statements" on page 241.

The financial information as of and for the nine months ended December 31, 2019 (including comparative financial information for the nine months ended December 31, 2018 prepared under Ind AS), as of and for the six months ended September 30, 2019 (including comparative financial information for the six months ended September 30, 2018 prepared under Ind AS) and as of and for the year ended March 31, 2019 (including the comparative financial information for the year ended March 31, 2018 prepared under Ind AS) is not comparable with the previous years' financial information as per Indian GAAP. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information" on page 101.

Where Non-GAAP Financial Measures are referred to as being "under Ind AS", this means the numbers have been derived using underlying Ind AS numbers. Where Non-GAAP Financial Measures are referred to as being "under Indian GAAP", this means the numbers have been derived using underlying Indian GAAP numbers.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

SELECTED STATISTICAL INFORMATION OF OUR COMPANY AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2019 AND AS OF AND FOR THE YEARS ENDED MARCH 31, 2018 AND MARCH 31, 2019 UNDER IND AS

The presentation of certain selected statistical information herein derived from our Ind AS financial statements included in this PPD may differ from, and may not be comparable to, the presentation of similar selected statistical information herein derived from our Indian GAAP financial statements included in this PPD.

Return on Equity and Assets

The following tables set forth selected financial information relating to the return on equity and assets for the Company on a standalone basis for the periods / years indicated under Ind AS:

	As of September 30,		As of March 31,	
	2018	2019	2018	2019
	(₹ lakhs, except percentages)			
Loans[(1)]	46,80,265	55,70,061	42,25,323	52,62,227
De-recognised Loans[(2)]	96,880	3,60,058	67,091	1,67,117
Business AUM[(3)]	47,77,145	59,30,119	42,92,414	54,29,344
Investments (including deposits)[(4)]	4,72,413	5,10,315	70,418	3,26,694
Assets Under Management (AUM)[(5)]	52,49,558	64,40,434	43,62,832	57,56,038

	As of September 30,		As of March 31,	
	2018	2019	2018	2019
	(₹ lakhs, except percentages)			
Closing Assets (Balance Sheet)(6)	51,52,678	60,80,376	42,95,741	55,88,921
Average Closing Assets (Balance Sheet)(7)	45,38,022	58,43,720	37,48,141	49,43,061
Net Worth(8)	5,68,061	6,73,862	5,09,804	6,17,574
Average Net Worth(9)	5,39,650	6,46,682	4,68,268	5,66,994
Return on Total Assets (%)(10)	3.9%	3.4%	3.7%	3.7%
Return on Equity (%) (11)	21.8%	18.5%	19.6%	20.9%
Earnings Per Share(12)	7.6	8.0	58.8	75.9
Book Value Per Share (13)	82.96	86.19	326.11	394.97
Dividend Per Share (14)	-	-	6.50	6.50
No. of Equity Shares	78,17,58,590	78,18,45,505	15,63,31,371	15,63,59,113

Notes:

1. Loans represents on-balance sheet balances of receivables outstanding including loans given to subsidiaries as at the end of the relevant year/ period.
2. De-recognised Loans represent outstanding assigned assets as per books as at the end of the relevant year/ period.
3. Business AUM represents the sum of Loans and De-recognised Loans.
4. Investments (including deposits) represents investment in subsidiaries and associates and term deposits with banks excluding interest accrued as at the end of the relevant year/ period.

Computation of Investments (including deposits) (Ind AS)

Particulars	As of		
	September 30, 2019	March 31, 2019	March 31, 2018
	(₹ lakh)		
Investments (including deposits)			
Balances with banks in deposit accounts	4,62,559	2,68,183	3,481
Deposits with banks as collateral towards securitisation loan	45,288	51,995	59,872
Investments	7,292	7,292	7,292
Interest accrued on deposits	(4,824)	(776)	(227)
Total	**5,10,315**	**3,26,694**	**70,418**

5. AUM represents the sum of Business AUM and Investments (including deposits).
6. Closing Assets (Balance Sheet) represents the sum of Loans and Investments (including deposits).

Computation of Closing Assets (Balance Sheet) (Ind AS)

Particulars	As of		
	September 30, 2019	March 31, 2019	March 31, 2018
	(₹ lakh)		
Closing Assets (Balance Sheet)			
Loans	55,70,061	52,62,227	42,25,323
Investments (including deposits)	5,10,315	3,26,694	70,418
Total	**60,80,376**	**55,88,921**	**42,95,741**

7. Average Closing Assets (Balance Sheet) is computed as the average of Closing Assets (Balance Sheet) at the end of each quarter.
8. Net Worth represents the sum of equity share capital and other equity.
9. Average Net Worth is computed as the average of Net Worth balances at the end of each quarter.
10. Return on Total Assets (%) is computed as net Profit Before Tax divided by Average Closing Assets (Balance Sheet).
11. Return on Equity (%) is computed as Profit After Tax divided by Average Net Worth.
12. Earnings per Share (Basic EPS) is computed in accordance with Ind AS 33 'Earnings per Share'.
13. Book Value Per Share is computed as Net Worth divided by the total number of Equity Shares outstanding at the end of the relevant year/ period.
14. Dividend Per Share represents interim dividend and final dividend paid per Equity Share.

Profitability Analysis

The following table sets forth our profitability analysis for the periods/ years indicated under Ind AS:

Particulars	As of/ For the Six Months ended September 30,		As of/ For the Year ended March 31,	
	2018	2019	2018	2019
	(₹ lakhs, except percentages)			
Total Income (1)	3,28,107	4,22,654	5,47,966	6,99,264
Finance Costs(2)	1,65,154	2,26,393	2,65,933	3,58,874
Net Income(3)	1,62,953	1,96,261	282,033	3,40,390
Operating Expense(4)	57,172	75,162	1,11,526	1,26,955
Impairment of Financial Instruments(5)	15,951	20,468	30,370	31,120
Profit Before Tax (6)	89,830	1,00,631	1,40,137	1,82,315
Tax Expenses (7)	30,838	38,511	48,307	63,700
Profit for the period (8)	58,992	62,120	91,830	1,18,615

Notes:

1. Total Income represents the sum of interest income on loans, fee income, sale of services, net gain on fair value changes, other operating income and other income in the relevant year/ period.
2. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year/ period.
3. Net Income represents Total Income less Finance Costs in the relevant year/ period.
4. Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses in the relevant year/ period.
5. Impairment of financial instruments represents write offs and impairments provisions for loans and investments.
6. Profit Before Tax represents Net Income less Operating Expenses and Impairment of financial instruments.

7. Tax Expense represents deferred tax expense and tax expense for the relevant period/ year.
8. Profit for the period represents Profit Before Tax less Tax Expense.

Financial Ratios

The following table sets forth certain financial ratio for the periods/ years indicated under Ind AS:

Particulars	As of/ For the Six Months ended September 30,		As of/ For the Year ended March 31,	
	2018	2019	2018	2019
	(₹ lakhs, except percentages)			
Closing Assets (Balance Sheet)(1)	51,52,678	60,80,376	42,95,741	55,88,921
Disbursements(2)	13,91,384	15,95,365	25,11,351	30,45,095
Net Income Margin(3)	7.2%	6.7%	7.5%	6.9%
Expense Ratio (%)(4)	2.5%	2.6%	3.0%	2.6%
Loan Losses (%)(5)	0.7%	0.7%	0.8%	0.6%
Return on Total Assets – PBT (6)	4.0%	3.4%	3.7%	3.7%
Return on Total Assets – PAT (7)	2.6%	2.1%	2.5%	2.4%

Notes:

1. Closing Assets (Balance Sheet) represents On Balance sheet Business Assets and Investments (including deposits). For computation of Closing Assets (Balance Sheet) refer page 41 above.
2. Disbursements represents amount disbursed to customers during the relevant year /period
3. Net Income Margin represents the percentage of Total Income less finance costs divided by Average Closing Assets (Balance sheet).
4. Expense Ratio (%) represents Operating Expense divided by Average Closing Assets (Balance Sheet)
5. Loan Losses (%) represents credit losses divided by Average Closing Assets (Balance Sheet)
6. Return on Total Assets – PBT (%) represents net Profit Before Tax divided by Average Closing Assets (Balance Sheet).
7. Return on Total Assets – PAT (%) represents net Profit After Tax which is profit for the period, divided by Average Closing Assets (Balance Sheet).

Geographic Spread of Loans

The following tables set forth the geographic spread of our Loans in the Vehicle Finance segment under Ind AS:

Region	Loans							
	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans
	(₹ lakhs)	(%)	(₹ lakhs)	(%)	(₹ lakhs)	(%)	(₹ lakhs)	(%)
North(1)	8,29,172	23.4%	9,51,895	22.10%	7,91,448	25.1%	9,11,406	22.5%
South (2)	9,42,271	26.5%	11,44,222	26.6%	8,14,977	25.9%	10,78,212	26.5%
West(3)	7,74,656	21.8%	9,03,891	21.0%	7,07,217	22.5%	8,67,246	21.4%
East(4)	10,04,586	28.3%	13,07,119	30.3%	8,33,641	26.5%	12,03,724	29.6%
Total	**35,50,685**	**100.00%**	**43,07,127**	**100.00%**	**31,47,282**	**100.00%**	**40,60,588**	**100.00%**

Notes:

1. North includes the States/ Union Territories of Rajasthan, Uttar Pradesh, Haryana, Punjab, Chandigarh, New Delhi, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
2. South includes the States/ Union Territories of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Telangana and Pondicherry.
3. West includes the States/ Union Territories of Maharashtra, Gujarat, Madhya Pradesh and Goa.
4. East includes the States/ Union Territories of Chhattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Assam, Tripura and Meghalaya.

The following tables set forth the geographic spread of our Loans in the Home Equity segment under Ind AS:

Region	Loans							
	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans
	(₹ lakhs)	(%)	(₹ lakhs)	(%)	(₹ lakhs)	(%)	(₹ lakhs)	(%)
North(1)	4,10,934	42.0%	4,12,851	40.0%	4,17,401	44.3%	4,11,663	41.4%
South (2)	2,81,886	28.8%	3,12,288	30.2%	2,65,073	28.1%	2,85,498	28.7%
West(3)	2,54,897	26.1%	2,87,683	27.8%	2,35,912	25.0%	2,80,757	28.2%
East(4)	29,613	3.0%	20,232	2.0%	24,045	2.6%	17,522	1.8%
Total	**9,77,330**	**100.0%**	**10,33,054**	**100.0%**	**9,42,432**	**100.0%**	**9,95,439**	**100.0%**

Notes:

1. North includes the States/ Union Territories of Rajasthan, Uttar Pradesh, Haryana, Punjab, Chandigarh, New Delhi, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
2. South includes the States/ Union Territories of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Telangana and Pondicherry.
3. West includes the States/ Union Territories of Maharashtra, Gujarat, Madhya Pradesh and Goa.
4. East includes the States/ Union Territories of Chhattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Assam, Tripura and Meghalaya.

Loans according to Business Segments/ Product Category

The following tables set forth a breakdown of Loans based on product categories under Ind AS:

Product Category	Loans							
	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans
Vehicle Finance								
- Light Commercial Vehicles	7,59,946	16.2%	9,03,984	16.2%	6,73,552	15.9%	9,01,264	17.1%
- Heavy Commercial Vehicles	6,70,464	14.3%	6,33,820	11.4%	6,01,327	14.2%	7,04,724	13.4%
- Car and Multi-Utility Vehicles	5,61,413	12.0%	7,14,515	12.8%	5,03,662	11.9%	6,47,309	12.3%
- Three-wheelers and Small Commercial Vehicles	1,81,166	3.9%	2,54,390	4.6%	1,56,705	3.7%	2,23,357	4.2%
- Older Vehicles	3,77,923	8.1%	4,89,678	8.8%	3,51,204	8.3%	4,38,857	8.3%
- Tractors	2,55,147	5.5%	3,23,738	5.8%	2,23,398	5.3%	2,96,839	5.6%
- Construction Equipment	1,53,149	3.3%	2,12,291	3.8%	1,18,215	2.8%	1,97,390	3.8%
- Two-wheelers	55,736	1.2%	1,36,496	2.5%	31,119	0.7%	94,452	1.8%
- Refinance	4,93,227	10.5%	6,11,383	11.0%	4,59,039	10.9%	5,54,578	10.5%
- Others	42,514	0.9%	26,831	0.5%	29,063	0.7%	1,820	0.0%
Sub Total (A)	**35,50,685**	**75.9%**	**43,07,127**	**77.3%**	**31,47,282**	**74.5%**	**40,60,588**	**77.2%**
Home Equity								
- Self-Occupied Residential Property	8,06,281	17.2%	8,12,213	14.6%	7,92,947	18.8%	8,03,695	15.3%
- Commercial Property	96,628	2.1%	1,28,311	2.3%	83,634	2.0%	1,10,743	2.1%
- Others	74,422	1.6%	92,530	1.7%	65,851	1.6%	81,001	1.5%
Sub Total (B)	**9,77,330**	**20.9%**	**10,33,054**	**18.5%**	**9,42,432**	**22.3%**	**9,95,439**	**18.9%**
Others								
- Home Loans	1,31,566	2.8%	2,10,230	3.8%	97,818	2.3%	1,91,171	3.6%
- Small and Medium Enterprise Loans	17,763	0.4%	18,707	0.3%	30,309	0.7%	13,531	0.3%
- Rural/Agri Loans	2,921	0.0%	944	0.0%	7,482	0.2%	1,497	0.0%
Sub Total (C)	**1,52,250**	**3.2%**	**2,29,881**	**4.1%**	**1,35,608**	**3.2%**	**2,06,200**	**3.9%**
Total [(A) + (B) + (C)]	**46,80,265**	**100.0%**	**55,70,061**	**100.0%**	**42,25,323**	**100.0%**	**52,62,227**	**100.0%**

Disbursements according to Business Segments/ Product Category

The following tables set forth a breakdown of disbursements based on product categories under Ind AS:

Product Category	Disbursements							
	Six Months Ended September 30,				Fiscal			
	2018		2019		2018		2019	
	Disburse ments (₹ lakhs)	% of Total Disburse ments	Disburse ments (₹ lakhs)	% of Total Disburse ments	Disburse ments (₹ lakhs)	% of Total Disburse ments	Disburse ments (₹ lakhs)	% of Total Disburse ments
Vehicle Finance								
- Light Commercial Vehicles	2,31,034	16.6%	2,44,557	15.3%	4,07,879	16.2%	5,01,604	16.5%
- Heavy Commercial Vehicles	1,79,566	12.9%	1,02,929	6.5%	3,75,091	14.9%	3,43,720	11.3%
- Car and Multi-Utility Vehicles	1,64,681	11.8%	2,09,352	13.1%	2,94,878	11.7%	3,73,219	12.3%
- Three-wheelers and Small Commercial Vehicles	61,553	4.4%	89,696	5.6%	1,01,523	4.0%	1,46,365	4.8%
- Older Vehicles	1,38,536	10.0%	1,83,879	11.5%	2,62,770	10.5%	3,23,679	10.6%
- Tractors	96,769	7.0%	1,07,542	6.7%	1,66,715	6.6%	2,11,229	6.9%
- Construction Equipment	66,861	4.8%	68,891	4.3%	1,06,225	4.2%	1,54,375	5.1%
- Two-wheelers	35,897	2.6%	72,991	4.6%	33,235	1.3%	93,379	3.1%
- Refinance	1,45,847	10.5%	1,92,885	12.1%	3,05,682	12.2%	3,33,101	10.9%
- Others	11,602	0.8%	890	0.1%	6,735	0.3%	17,654	0.6%
Sub Total (A)	**11,32,347**	**81.4%**	**12,73,613**	**79.8%**	**20,60,732**	**82.1%**	**24,98,324**	**82.0%**
Home Equity								
- Self Occupied Residential Property	1,39,433	10.0%	1,54,353	9.68%	2,46,621	9.82%	2,86,120	9.40%
- Commercial Property	25,905	1.9%	34,863	2.19%	40,111	1.60%	57,460	1.89%
- Others	19,535	1.4%	27,292	1.71%	30,671	1.22%	40,075	1.32%
Sub Total (B)	**1,84,873**	**13.3%**	**2,16,508**	**13.57%**	**3,17,404**	**12.64%**	**3,83,655**	**12.60%**
Others								
- Home Loans	45,577	3.3%	83,405	5.2%	60,596	2.4%	1,15,688	3.8%
- Small and Medium Enterprise Loans	28,543	2.1%	21,840	1.4%	62,909	2.5%	47,384	1.6%
- Rural/Agri Loans	44	0.0%	-	0.0%	9,710	0.4%	44	0.0%
Sub Total (C)	**74,164**	**5.3%**	**1,05,245**	**6.6%**	**133,215**	**5.3%**	**1,63,115**	**5.4%**

Product Category	Disbursements							
	Six Months Ended September 30,				Fiscal			
	2018		2019		2018		2019	
	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements
Total [(A) + (B) + (C)]	**13,91,384**	**100.0%**	**15,95,366**	**100.0%**	**25,11,351**	**100.0%**	**30,45,095**	**100.0%**

The following tables set forth the disbursements in the Vehicle Finance segment as per regions under Ind AS:

Region	Disbursements							
	Six Months Ended September 30,				Fiscal			
	2018		2019		2018		2019	
	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements
North(1)	2,25,965	20.0%	2,82,944	22.2%	4,59,047	22.3%	5,19,375	20.8%
South (2)	3,33,539	29.5%	3,45,491	27.1%	5,56,652	27.0%	7,01,598	28.1%
West(3)	2,27,521	20.1%	2,56,012	20.1%	5,34,496	25.9%	5,08,774	20.4%
East(4)	3,45,322	30.5%	3,89,166	30.6%	5,10,538	24.8%	7,68,578	30.8%
Total	**11,32,347**	**100.0%**	**12,73,613**	**100.0%**	**20,60,732**	**100.0%**	**24,98,324**	**100.0%**

Notes:

1. North includes the States/ Union Territories of Rajasthan, Uttar Pradesh, Haryana, Punjab, Chandigarh, New Delhi, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
2. South includes the States/ Union Territories of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Telangana and Pondicherry.
3. West includes the States/ Union Territories of Maharashtra, Gujarat, Madhya Pradesh and Goa.
4. East includes the States/ Union Territories of Chhattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Assam, Tripura and Meghalaya.

The following table sets forth certain information relating to our Loans classified as secured and unsecured loans before netting of impairment allowance under Ind AS:

Particulars	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	(₹ lakhs, except percentages)							
Loans – Secured	4,711,081	98.7%	56,28,468	99.2%	42,60,173	98.8%	53,03,106	99.0%
Loans – Unsecured	60,490	1.3%	42,545	0.8%	51,409	1.2%	52,192	1.0%
Total	**4,771,571**	**100.0%**	**56,71,013**	**100.0%**	**43,11,582**	**100.0%**	**53,55,298**	**100.0%**

Funding Sources

The following tables set forth certain information relating to our funding sources based on the type of instrument under Ind AS:

	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Amount (₹ lakhs)	% of Total Borrowing	Amount (₹ lakhs)	% of Total Borrowing	Amount (₹ lakhs)	% of Total Borrowing	Amount (₹ lakhs)	% of Total Borrowing
Debt Securities								
Redeemable Non-Convertible Debentures Medium- Term-Secured	12,23,570	26.0%	7,79,160	13.9%	12,07,379	31.5%	10,54,445	20.9%
Commercial Papers-Unsecured	4,61,719	9.8%	5,48,930	9.8%	2,30,016	6.0%	3,63,986	7.2%
Sub Total (A)	**16,85,289**	**35.8%**	**13,28,090**	**23.8%**	**14,37,395**	**37.5%**	**14,18,431**	**28.1%**
Borrowings other than debt securities								
a) Term Loans								
i) a) From Banks-secured								
Rupee Loans	16,36,517	34.8%	26,65,869	47.7%	9,44,428	24.6%	21,62,592	42.8%
Foreign currency Loans	2,26,758	4.8%	2,06,787	3.7%	2,96,830	7.7%	2,00,467	4.0%
External Commercial Borrowings	54	0.0%	2,25,560	4.0%	-	0.0%	34,629	0.7%
i) b)From Banks-Unsecured								
Rupee Loans	88,000	1.9%	1,32,500	2.4%	42,000	1.1%	50,000	1.0%
ii) c) From Other Parties-Secured								
Financial Institutions-Rupee Loans	-	-	79,385	1.4%	75,000	2.0%	93,481	1.8%
Securitisation-Rupee Loans	5,77,233	12.3%	5,27,276	9.4%	5,62,244	14.7%	5,49,261	10.9%

	As of September 30,				**As of March 31,**			
	2018		**2019**		**2018**		**2019**	
	Amount (₹ lakhs)	**% of Total Borrowing**	**Amount (₹ lakhs)**	**% of Total Borrowing**	**Amount (₹ lakhs)**	**% of Total Borrowing**	**Amount (₹ lakhs)**	**% of Total Borrowing**
d) Loan repayable on demand-Secured from Banks-Rupee Loans	1,11,045	2.4%	19,568	0.4%	96,133	2.5%	1,21,945	2.4%
Sub Total (B)	**26,39,607**	**56.1%**	**38,56,945**	**69.0%**	**20,16,635**	**52.6%**	**32,12,375**	**63.5%**
Subordinated liabilities								
Perpetual Debt- Unsecured	1,10,070	2.3%	1,48,186	2.7%	1,17,625	3.1%	1,44,179	2.9%
Subordinated Debt	2,71,150	5.8%	2,57,127	4.6%	2,61,378	6.8%	2,81,689	5.6%
Sub Total (C)	**3,81,220**	**8.1%**	**4,05,313**	**7.3%**	**3,79,003**	**9.9%**	**4,25,868**	**8.4%**
Total [(A) + (B) + (C)]	**47,06,116**	**100.0%**	**55,90,348**	**100.0%**	**38,33,033**	**100.0%**	**50,56,674**	**100.0%**

The following tables set forth certain information relating to our funding sources based on the type of investors under Ind AS:

	As of September 30,				**As of March 31,**			
	2018		**2019**		**2018**		**2019**	
	Amount (₹ lakhs)	**% of Total Borrowing**	**Amount (₹ lakhs)**	**% of Total Borrowing**	**Amount (₹ lakhs)**	**% of Total Borrowing**	**Amount (₹ lakhs)**	**% of Total Borrowing**
Banks (Domestic)	24,96,932	53.1%	33,89,097	60.6%	18,67,318	48.7%	28,99,327	57.3%
Banks (Overseas)	-	-	2,28,328	4.1%	-	-	34,575	0.7%
Trusts	1,14,920	2.4%	1,20,732	2.2%	44,140	1.2%	1,29,936	2.6%
Mutual Funds	7,92,695	16.8%	7,27,828	13.0%	7,68,816	20.1%	6,76,061	13.4%
Insurance Companies	3,30,560	7.0%	2,80,437	5.0%	3,04,615	7.9%	3,09,956	6.1%
Individuals and HUFs	36,530	0.8%	45,170	0.8%	35,205	0.9%	48,945	1.0%
FIIs/ FPIs/ NRIs/ NRNs	2,19,494	4.7%	1,58,058	2.8%	1,13,963	3.0%	2,55,614	5.1%
Corporates	1,37,752	2.9%	1,13,422	2.0%	1,36,732	3.6%	1,52,998	3.0%
Securitization	5,77,233	12.3%	5,27,276	9.4%	5,62,244	14.7%	5,49,261	10.9%
Total Borrowings#	**47,06,116**	**100.0%**	**55,90,348**	**100.0%**	**38,33,033**	**100.0%**	**50,56,674**	**100.0%**

 # Total borrowings represents the sum of debt securities, borrowings other than debt securities and subordinated liabilities.

Restrictive Covenants

Our financing agreements include various conditions and covenants that require us to obtain lender consents, or serve prior intimation notices on such lenders prior to carrying out certain activities and entering into certain transactions. For further information, see "*Risk Factors – Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to obtain additional financing, raise capital, conduct our business and operations in the manner we desire.*" on page 67.

We are currently in compliance with the financial covenants contained in our financing agreements.

Classification of Assets

Loans are classified as required by the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended.

Set forth below is certain information relating to the asset classification followed by our Company as of September 30, 2019:

Our 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 expected credit loss ("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"). 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. We have 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, we categorize assets into Stage I, Stage II and Stage III, as described below:

Stage I Assets: When loans are first recognised, we recognize an allowance based on 12mECLs. Stage I loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage II.

Stage II Assets: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage II loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage III.

Stage III Assets: Loans considered credit-impaired. We record an allowance for the LTECLs.

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Credit Quality, Provisions and Write-Offs*" on page 104

Provisioning and Write-offs

The following table sets forth certain information relating to the classification of assets as at the dates indicated under Ind AS:

Asset Classification	As of September 30,		As of March 31,	
	2018	2019	2018	2019
	(₹ lakhs, except percentages)			
Gross Loan Assets	47,71,571	56,71,013	43,11,582	53,55,298
Less: Provision	91,307	1,00,952	86,259	93,071
Net Loan Assets	46,80,265	55,70,061	42,25,323	52,62,227
Gross Loan Assets - Stage I and Stage II **(A)**	46,09,266	54,90,716	41,63,119	52,11,447
Less: Provision **(B)**	34,756	38,873	35,557	38,430
Net Loan Assets – Stage I and Stage II **[(A) – (B)]**	45,74,511	54,51,843	41,27,562	51,73,017
Coverage Ratio Stage I and Stage II **[(C) = (B) /(A)]**	0.8%	0.7%	0.9%	0.7%
Gross Loan Assets – Stage III **(D)**	1,62,305	1,80,297	1,48,464	1,43,851
Less: Provision **(E)**	56,551	62,079	50,702	54,641
Net Loan Assets – Stage III **[(D) - (E)]**	1,05,754	1,18,218	97762	89,210
Provision Coverage Ratio for Stage III [**(F) = (E) / (D)**]	34.8%	34.4%	34.2%	38.0%
Overall Coverage Ratio **[((B) + (E)) / ((A) + (D))]**	1.9%	1.8%	2.0%	1.7%

The following table sets forth details of Stage III Assets as a percentage of total Loans for our Company as of the dates indicated under Ind AS:

	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Gross Stage III (%)	Net Stage III (%)	Gross Stage III (%)	Net Stage III (%)	Gross Stage III (%)	Net Stage III (%)	Gross Stage III (%)	Net Stage III (%)
Stage III Assets as a percentage of total Loans	3.4%	2.2%	3.2%	2.1%	3.4%	2.3%	2.7%	1.7%

The following table sets forth details of Stage III Assets for our segments as of the dates indicated under Ind AS:

Segment	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Gross Stage III (%)	Net Stage III (%)	Gross Stage III (%)	Net Stage III (%)	Gross Stage III (%)	Net Stage III (%)	Gross Stage III (%)	Net Stage III (%)
Vehicle Finance	2.4%	1.6%	2.3%	1.5%	2.3%	1.5%	1.8%	1.1%
Home Equity	6.1%	4.2%	5.9%	4.1%	6.6%	4.5%	5.5%	3.7%

Assignment and Securitization

Assignment

The tables set forth details of the assignment transactions for the periods/ years indicated under Ind AS:

Particulars	Six Months Ended September 30,		Year Ended March 31,	
	2018	2019	2018	2019
	(₹ lakhs)			
Carrying amount of retained assets at cost.	10,725	41,555	7,455	18,569
Carrying amount of de-recognised financial assets	96,880	3,60,058	67,091	1,67,117
Net gain on sale of derecognised financial instruments	4,288	13,168	-	8,670

Securitization

The tables set forth details of the securitization transactions for the periods/ years indicated under Ind AS:

Particulars	Six Months Ended September 30,		Year Ended March 31,	
	2018	2019	2018	2019
	(₹ lakhs)			

No. of securitizations transactions	30	31	31	33
Outstanding securitised assets in the books	4,42,198	5,59,794	5,56,323	5,56,099

Productivity Ratios

The following table sets forth certain information relating to our productivity ratios under Ind AS:

	As of/ For the Six Months ended September 30,		As of/ For the Year Ended March 31,	
	2018	**2019**	**2018**	**2019**
Branches	889	1029	870	911
Disbursements per Branch (₹ lakhs)	3,122	3,101	2,887	3,343
Net Income Margin per Branch (₹ lakhs)	366	381	324	374
Profit After Tax per Branch (₹ lakhs)	132	121	106	130

SELECTED FINANCIAL INFORMATION OF OUR COMPANY'S SUBSIDIARIES AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2019 AND AS OF AND FOR THE YEARS ENDED MARCH 31, 2018 AND MARCH 31, 2019 UNDER IND AS

Cholamandalam Home Finance Limited

	For the Six Months Ended September 30,		For the Year Ended March 31,	
	2018	2019	2018	2019
	(₹ lakhs)			
Total Income	1,838	2,031	1,068	4,124
Profit After Tax	(858)	14	429	(762)

Cholamandalam Securities Limited

	For the Six Months Ended September 30,		For the Year Ended March 31,	
	2018	2019	2018	2019
	(₹ lakhs)			
Total Income	1,236	1,121	1,968	2,202
Profit After Tax	197	103	507	208

SELECTED STATISTICAL INFORMATION OF OUR COMPANY AS OF AND FOR THE YEARS ENDED MARCH 31, 2017 AND MARCH 31, 2018 UNDER INDIAN GAAP

The presentation of certain selected statistical information herein derived from our Indian GAAP financial statements included in this PPD, such as information related to or derived from Business AUM, may differ from, and may not be comparable to, the presentation of similar selected statistical information herein derived from our Ind AS financial statements / results included in this PPD.

Return on Equity and Assets

The following tables set forth selected financial information relating to the return on equity and assets for the Company on a standalone basis for the periods/ years indicated under Indian GAAP:

	As of March 31,	
	2017	**2018**
	(₹ lakhs, except percentages)	
Loans[(1)]	27,90,362	36,64,549
De-recognised Loans[(2)]	6,26,334	6,23,360
Business AUM[(3)]	34,16,697	42,87,909
Investments (including deposits)[(4)]	94,274	95,080
Assets Under Management (AUM)[(5)]	35,10,971	43,82,989
Closing Assets (Balance Sheet)[(6)]	28,84,636	37,57,629
Average Closing Assets (Balance Sheet)[(7)]	28,16,989	32,08,123
Net Worth[(8)]	4,31,267	5,15,022
Average Net Worth[(9)]	3,97,688	4,68,785
Return on Total Assets (%)[(10)]	2.6%	3.0%
Return on Equity (%) [(11)]	18.1%	20.8%
Earnings Per Share [(12)]	46.01	62.32
Book Value Per Share [(13)]	275.96	329.46
Dividend Per Share [(14)]	5.50	6.50
No. of Equity Shares	15,62,77,533	15,63,31,371

Notes:

1. Loans represent on-balance sheet balances of receivables under financial activities net of provision for non-performing assets as at the end of the relevant year/ period.
2. De-recognised Loans represent outstanding assigned assets and outstanding securitised assets as per book as at the end of the relevant year/ period.
3. Business AUM represents the sum of Loans and De-recognised Loans.
4. Investments (including deposits) represents investment in subsidiaries and associates and deposits with banks excluding interest accrued but also includes Inter corporate deposits
5. AUM represents the sum of Business AUM and Investments (including deposits).
6. Closing Assets (Balance Sheet) represents the sum of Loans and Investments (including deposits).
7. Average Closing Assets (Balance Sheet) is computed as the average of Closing Assets (Balance Sheet) at the end of each month.
8. Net Worth represents the shareholders fund which is sum of equity share capital and reserve and surplus
9. Average Net Worth is computed as the average of Net Worth balances at the end of each quarter.
10. Return on Total Assets (%) is computed as net Profit After Tax divided by Average Closing Assets (Balance Sheet).
11. Return on Equity (%) is computed as Profit After Tax divided by Average Net Worth.
12. Earnings per Share (Basic EPS) is computed in accordance with Ind AS 33 ‘Earnings per Share’.
13. Book Value Per Share is computed as Net Worth divided by the total number of Equity Shares outstanding at the end of relevant year/ period
14. Dividend Per Share represents interim dividend and final dividend paid per Equity Share.

Profitability Analysis

The following table sets forth our profitability analysis for the periods/ years indicated under Indian GAAP:

Particulars	**As of/ For the Year ended March 31,**	
	2017	**2018**
	(₹ lakhs, except percentages)	
Total Revenue[(1)]	4,66,035	5,42,577
Finance Costs[(2)]	2,23,080	2,30,785
Net Income[(3)]	2,42,955	3,11,792
Operating Expense[(4)]	1,01,334	1,28,950
Provisions and Loan Losses[(5)]	31,063	34,509
Profit Before Tax[(6)]	1,10,558	1,48,331
Tax Expenses[(7)]	38,684	50,919
Profit for the year[(8)]	71,874	97,412

Notes:

1. Total Revenue represents the sum of revenue from operations and other income in the relevant year.
2. Finance Costs represents the interest cost on borrowings, loan processing fees and other borrowing-related costs in the relevant year.
3. Net Income represents Total Income reduced by Finance Costs in the relevant year.
4. Operating Expense represents employee benefit expense, other expenses, business origination outsourcing cost and depreciation and amortization expenses in the relevant year.
5. Provisions and Loan Losses represents provisions and losses on account of non-performing assets and standard assets.
6. Profit Before Tax represents Net Income less Operating Expenses and Provisions and Losses.

7. Tax Expense represents deferred tax expense and provision for tax for the relevant year.
8. Profit for the year is Profit Before Tax less Tax Expense.

Financial Ratios

The following table sets forth certain financial ratio for the periods/ years indicated under Indian GAAP:

Particulars	As of/ For the Year ended March 31,	
	2017	2018
	(₹ lakhs, except percentages)	
Closing Assets (Balance Sheet)(1)	28,84,636	37,59,629
Disbursements(2)	18,59,126	25,11,351
Net Income Margin(3)	8.6%	9.7%
Expense Ratio (%)(4)	3.6%	4.0%
Loan Losses (%)(5)	1.1%	1.1%
Return on Total Assets – PBT(6)	3.9%	4.6%
Return on Total Assets – PAT(7)	2.6%	3.0%

Notes:

1. Closing Assets (Balance Sheet) represents receivables under financing activity including loans given to subsidiary and Investments (including deposits).
2. Disbursements represent amount disbursed to customers during the relevant year.
3. Net Income Margin represents the percentage of Total Income less Finance Costs divided by Average Closing Assets (Balance Sheet).
4. Expense Ratio (%) represents Operating Expense divided by Average Closing Assets (Balance sheet)
5. Loan Losses (%) represents credit losses divided by Average Closing Assets (Balance Sheet)
6. Return on Total Assets – PBT (%) represents net Profit Before Tax divided by Average Closing Assets (Balance Sheet).
7. Return on Total Assets – PAT (%) represents net Profit After Tax divided by Average Closing Assets (Balance Sheet).

Geographic Spread of Business AUM

The following tables set forth the geographic spread of our Business AUM in the Vehicle Finance segment under Indian GAAP:

Region	As of March 31,			
	2017		2018	
	Business AUM	% of Business AUM	Business AUM	% of Business AUM
	(₹ lakhs)	(%)	(₹ lakhs)	(%)
North(1)	6,55,816	27.8%	7,90,500	25.1%
South (2)	6,00,593	25.4%	8,17,477	25.9%
West(3)	5,31,110	22.5%	7,08,618	22.5%
East(4)	5,75,538	24.4%	8,37,230	26.5%
Total	**23,63,057**	**100.0%**	**31,53,825**	**100.0%**

Notes:

1. North includes the States/ Union Territories of Rajasthan, Uttar Pradesh, Haryana, Punjab, Chandigarh, New Delhi, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
2. South includes the States/ Union Territories of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Telangana and Pondicherry.
3. West includes the States/ Union Territories of Maharashtra, Gujarat, Madhya Pradesh and Goa.
4. East includes the States/ Union Territories of Chhattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Assam, Tripura and Meghalaya.

The following tables set forth the geographic spread of our Business AUM in the Home Equity segment under Indian GAAP:

Region	As of March 31,			
	2017		2018	
	Business AUM	% of Business AUM	Business AUM	% of Business AUM
	(₹ lakhs)	(%)	(₹ lakhs)	(%)
North(1)	4,77,074	49.7%	4,51,792	45.2%
South (2)	2,42,408	25.3%	2,68,083	26.8%
West(3)	2,14,400	22.4%	2,53,225	25.3%
East(4)	25,388	2.6%	26,556	2.7%
Total	**9,59,270**	**100.0%**	**9,99,656**	**100.0%**

Notes:

1. North includes the States/ Union Territories of Rajasthan, Uttar Pradesh, Haryana, Punjab, Chandigarh, New Delhi, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
2. South includes the States/ Union Territories of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Telangana and Pondicherry.
3. West includes the States/ Union Territories of Maharashtra, Gujarat, Madhya Pradesh and Goa.
4. East includes the States/ Union Territories of Chhattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Assam, Tripura and Meghalaya.

Business AUM according to Business Segments/ Product Category

The following table sets forth a breakdown of Business AUM based on product categories under Indian GAAP:

Product Category	Business AUM			
	As of March 31,			
	2017		2018	
	Business AUM (₹ lakhs)	% of Business AUM	Business AUM (₹ lakhs)	% of Business AUM
Vehicle Finance				
- Light Commercial Vehicles	5,31,619	15.6%	6,74,240	15.7%
- Heavy Commercial Vehicles	4,08,570	12.0%	6,01,211	14.0%
- Car and Multi-Utility Vehicles	4,06,107	11.9%	5,03,376	11.7%
- Three-wheelers and Small Commercial Vehicles	1,24,337	3.6%	1,59,422	3.7%
- Older Vehicles	3,04,361	8.9%	3,55,479	8.3%
- Tractors	1,70,685	5.0%	2,20,381	5.1%
- Construction Equipment	63,651	1.9%	1,19,226	2.8%
- Two-wheelers	6,205	0.2%	31,164	0.7%
- Refinance	3,47,522	10.2%	4,60,022	10.7%
- Others	-	0.0%	29,303	0.7%
Sub Total (A)	**23,63,057**	**69.2%**	**31,53,825**	**73.6%**
Home Equity				
- Self Occupied Residential Property	8,41,920	24.6%	8,47,937	19.78%
- Commercial Property	68,807	2.0%	84,790	1.98%
- Others	48,543	1.4%	66,929	1.56%
Sub Total (B)	**9,59,270**	**28.1%**	**9,99,656**	**23.31%**
Others				
- Home Loans	51,790	1.5%	98,403	2.3%
- Corporate Finance	37,936	1.1%	29,160	0.7%
- Rural/Agri Loans	4,644	0.1%	6,865	0.2%
Sub Total (C)	**94,370**	**2.8%**	**1,34,428**	**3.1%**
Total [(A) + (B) + (C)]	**34,16,697**	**100.0%**	**42,87,909**	**100.0%**

Disbursements according to Business Segments/ Product Category

The following table sets forth a breakdown of disbursements based on product categories under Indian GAAP:

Product Category	Disbursements			
	Fiscal			
	2017		2018	
	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements
Vehicle Finance				
- Light Commercial Vehicles	2,90,879	15.6%	4,07,879	16.2%
- Heavy Commercial Vehicles	2,28,354	12.3%	3,75,091	14.9%
- Car and Multi-Utility Vehicles	2,36,449	12.7%	2,94,878	11.7%
- Three-wheelers and Small Commercial Vehicles	68,250	3.7%	1,01,523	4.0%
- Older Vehicles	2,10,117	11.3%	2,62,770	10.5%
- Tractors	1,12,308	6.0%	1,66,715	6.6%
- Construction Equipment	50,199	2.7%	1,06,225	4.2%
- Two-wheelers	6,952	0.4%	33,235	1.3%
- Refinance	2,43,183	13.1%	3,05,682	12.2%
- Others	407	0.0%	6,735	0.3%
Sub Total (A)	**14,47,098**	**77.8%**	**20,60,732**	**82.1%**
Home Equity				
- Self Occupied Residential Property	2,51,543	13.5%	2,46,621	9.8%
- Commercial Property	26,561	1.4%	40,111	1.6%
- Others	27,482	1.5%	30,671	1.2%
Sub Total (B)	**3,05,586**	**16.4%**	**3,17,404**	**12.6%**
Others				
- Home Loans	32,466	1.7%	60,596	2.4%
- Corporate Finance	66,635	3.6%	62,909	2.5%
- Rural/Agri Loans	7,342	0.4%	9,710	0.4%
Sub Total (C)	**106,443**	**5.7%**	**133,215**	**5.3%**
Total [(A) + (B) + (C)]	**1,859,127**	**100.0%**	**2,511,351**	**100.0%**

The following tables set forth the disbursements in the Vehicle Finance segment as per regions under Indian GAAP:

Region	Disbursements			
	Fiscal			
	2017		2018	
	Disbursements (₹ lakhs)	% of Total Disbursements	Disbursements (₹ lakhs)	% of Total Disbursements
North(1)	3,83,442	26.5%	4,59,047	22.3%
South (2)	3,85,224	26.6%	5,56,652	27.0%
West(3)	3,20,450	22.1%	5,34,496	25.9%
East(4)	3,57,982	24.7%	5,10,538	24.8%
Total	**14,47,097**	**100.0%**	**20,60,732**	**100.0%**

Notes:

1. North includes the States/ Union Territories of Rajasthan, Uttar Pradesh, Haryana, Punjab, Chandigarh, New Delhi, Uttarakhand, Himachal Pradesh and Jammu & Kashmir.
2. South includes the States/ Union Territories of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Telangana and Pondicherry.
3. West includes the States/ Union Territories of Maharashtra, Gujarat, Madhya Pradesh and Goa.
4. East includes the States/ Union Territories of Chhattisgarh, West Bengal, Orissa, Bihar, Jharkhand, Assam, Tripura and Meghalaya.

The following tables set forth certain information relating to our Loans before netting of provisions for Non-performing assets which represents receivables under financing activity under Indian GAAP:

Particulars	As of March 31,			
	2017		2018	
	(₹ lakhs, except percentages)			
Receivables under financing activity – Secured (including current and non-current)	28,11,383	99.0%	36,69,414	98.6%
Receivables under financing activity – Unsecured (including current and non-current)	30,139	1.0%	50,702	1.4%
Total	**28,41,522**	**100.0%**	**37,20,116**	**100.0%**

Funding Sources

The following tables set forth certain information relating to our funding sources based on the type of instrument under Indian GAAP:

Description	As of March 31,			
	2017		2018	
	Amount (₹ lakh)	% of Total Borrowing	Amount (₹ lakh)	% of Total Borrowing
Long term Borrowings				
- **Debentures** (including current and non-current)				
(i) Unsecured - Subordinated debentures	1,73,300	7.2%	2,37,300	7.4%
(ii) Unsecured - Perpetual debentures	1,10,070	4.6%	1,10,070	3.5%
(iii) Secured Redeemable Non-convertible Debentures	10,29,650	42.7%	11,60,916	36.4%
- **Term loans from Banks** (including current and non-current)				
(i) Secured - Bank Loans	5,40,633	22.4%	10,17,567	31.9%
(i) Secured - Foreign currency Loans	2,30,090	9.5%	2,96,137	9.3%
Sub Total (A)	**20,84,013**	**86.4%**	**28,21,990**	**88.5%**
Short Term Borrowings – Current				
Cash Credit and Working capital Demand loans from Banks	66,314	2.8%	1,38,133	4.3%
Commercial Paper and Inter-Corporate Deposits	2,70,350	10.8%	2,30,104	7.2%
Sub Total (B)	**3,36,664**	**13.6%**	**3,68,237**	**11.5%**
Total [(A) + (B)]	**24,20,677**	**100.0%**	**31,90,227**	**100.0%**

The following tables set forth certain information relating to our funding sources based on the type of investors under Indian GAAP:

	As of March 31,			
	2017		2018	
	Amount (₹ lakhs)	% of Total Borrowing	Amount (₹ lakhs)	% of Total Borrowing
- Banks (Domestic)	12,47,277	51.5%	19,14,708	60.0%
- Banks (Overseas)	-	-	-	-
- Trusts	58,585	2.4%	44,110	1.4%
- Mutual Funds	7,58,520	31.3%	7,33,439	23.0%
- Insurance Companies	2,04,500	8.4%	2,90,932	9.1%
- Individuals and HUFs	33,930	1.4%	35,205	1.1%
- FIIs/ FPIs/ NRIs/ NRNs	34,740	1.4%	38,680	1.2%
- Corporates	83,125	3.4%	1,33,153	4.2%
- Securitization	-	-	-	-

	As of March 31,			
	2017		2018	
	Amount (₹ lakhs)	% of Total Borrowing	Amount (₹ lakhs)	% of Total Borrowing
Total Borrowings	**24,20,677**	**100.0%**	**31,90,227**	**100.0%**

Classification of Assets

Loans are classified as required by the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended.

The following table sets forth certain information relating to the asset classification followed by the Company as of March 31, 2018:

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 3 months
Non-Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 3 months and more but less than or equal to 15 months
Doubtful Assets	Overdue for more than 15 months
Loss Assets	An asset which has been identified as loss asset by the applicable NBFC or its internal or external auditor or by the Reserve Bank of India during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC

'Overdue' refers to interest and/ or principal and/ or instalment/ insurance premium remaining unpaid from the day it became receivable.

Provisioning and Write-Offs

Statutory provisions are required to be made in respect of standard, sub-standard, doubtful and loss assets as per the directions, circulars and notifications issued by the RBI. The Company makes provision on loans as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended.

The following table sets forth certain information relating to the classification of assets as at the dates indicated under Indian GAAP:

Asset Classification	Fiscal	
	2017	2018
	(₹ lakhs)	
Loan Outstanding (gross)		
Standard Assets	26,88,019	35,99,138
Sub-Standard Assets	1,08,797	67,807
Doubtful Assets	43,180	50,511
Loss Assets	2,525	2,658
Total Loans Outstanding (gross)	28,42,521	37,20,115
Provisions		
Standard Assets	10,884	14,513
Sub-Standard Assets	19,460	15,864
Doubtful Assets	29,174	37,043
Loss Assets	2,525	2,659
As a percentage of total Gross NPAs (%)		
Total Provisions	62,043	70,079
Loan Outstanding (net)		
Standard Assets	26,77,135	35,84,626
Sub-Standard Assets	89,337	51,944
Doubtful Assets	14,006	13,468
Total Loans Outstanding (net)	27,80,478	36,50,037

Non-Performing Assets

The following table sets forth certain information relating to the NPA portfolio under Indian GAAP:

Particulars	As of March 31,	
	2017	2018
	(₹ lakhs, except percentages)	
Gross NPAs at the close of the year	1,54,502	1,20,977
Total provisions at the opening of the period	42,402	51,159
Additional provisions during the period	28,466	29,670

Particulars	**As of March 31,**	
	2017	**2018**
	(₹ lakhs, except percentages)	
(Utilization)/ Reversal during the period	(19,709)	25,263
Total provisions at the close of the year	51,159	55,566
Net NPAs	1,03,343	65,411
Business AUM – Gross	34,67,856	43,43,475
Gross NPAs/ Business AUM – Gross (%)	4.7%	2.9%
Net NPAs/ Business AUM – Gross (%)	3.2%	1.7%
Total provisions/ Gross NPAs (%)	31.6%	43.5%

The following tables set forth a breakdown of NPAs based on product categories for the periods/ years indicated under Indian GAAP:

	As of March 31,			
	2017		**2018**	
	GNPA (%)	**NNPA (%)**	**GNPA (%)**	**NNPA (%)**
Company	4.7%	3.2%	2.9%	1.7%

Segment	**As of March 31,**			
	2017		**2018**	
	GNPA (%)	**NNPA (%)**	**GNPA (%)**	**NNPA (%)**
Vehicle Finance	4.2%	2.8%	2.0%	1.1%
Home Equity	5.8%	4.0%	5.4%	3.2%

Assignment and Securitization

Assignment

The table sets forth details of the assignment for the years indicated under Indian GAAP:

Particulars	**Fiscal**	
	2017	**2018**
	(₹ lakhs)	
Amount retained on assigned assets	11,439	7,455
Outstanding assigned assets as per books	1,02,950	67,091

Securitization

The table sets forth details of the assignment and securitization for the years indicated under Indian GAAP:

Particulars	**Fiscal**	
	2017	**2018**
	(₹ lakhs)	
No. of securitizations transactions	29	31
Outstanding securitised assets as per books	5,23,384	5,82,311

Productivity Ratios

The following table sets forth certain information relating to our productivity ratios under Indian GAAP:

	As of/ For the Fiscal Year ended March 31,	
	2017	**2018**
Branches	709	870
Disbursements per Branch (₹ lakhs)	2,622	2,887
Net Income Margin per Branch (₹ lakhs)	343	358
Profit After Tax per Branch (₹ lakhs)	101	112

ADDITIONAL SELECTED STATISTICAL INFORMATION UNDER INDIAN GAAP

In accordance with the requirements prescribed by the RBI, we are required to compute and maintain our ALM and CRAR on an ongoing basis. Pursuant to adoption of Ind AS by NBFCs, the RBI is yet to provide clarification on the basis/ manner of computation of certain regulatory disclosures, including ALM and CRAR, as per the extant regulations which require presentation of various information in the notes to our Company's financial statements. Pending clarification from RBI, our Company has prepared the disclosures by making material/ significant adjustments necessary to the Ind AS Standalone Financial Statements for Fiscal 2019 to comply with the requirements of the Master Directions for Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, including framework on prudential norms, related circulars and clarifications issued by the RBI from time to time, interpretations thereon and relevant policies followed by our Company ("**Regulatory GAAP**").

Therefore, while our financial statements are prepared on the basis of Ind AS, in the absence of necessary guidance under Ind AS in relation to the computation of ALM or CRAR, we continue to compute our ALM and CRAR as indicated above on the basis of Regulatory GAAP.

Capital Adequacy

The Company is subject to the capital adequacy ratio requirements prescribed by the RBI. The Company is currently required to maintain a minimum Capital to Risk Weighted Assets Ratio, CRAR of 15.00%, based on our total capital to risk-weighted assets. As a part of its governance policy, the Company ordinarily maintains capital adequacy higher than the statutorily prescribed CRAR.

The following tables set out our capital adequacy ratios as of the dates indicated under Regulatory GAAP:

Particulars	**As of September 30,**		**As March 31,**	
	2018	**2019**	**2018**	**2019**
		(₹ lakhs, except percentages)		
Tier I Capital	5,61,552	6,79,410	5,03,732	6,13,435
Tier II Capital	2,23,029	2,22,679	1,96,010	2,42,534
Total Capital	7,84,550	**9,02,089**	**6,99,742**	**8,55,969**
Total Risk Weighted Assets	**42,76,986**	**52,77,579**	**38,35,651**	**49,30,327**
Capital Ratios				
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	13.1%	12.9%	13.1%	12.4%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	5.2%	4.2%	5.1%	4.9%
Total (%)	**18.3%**	**17.1%**	**18.2%**	**17.4%**

The following tables set out our capital adequacy ratios as of the dates indicated under Indian GAAP:

Particulars	**As of March 31, 2017**
	(₹ lakhs, except percentages)
Tier I Capital	4,03,093
Tier II Capital	1,48,931
Total Capital	**5,52,024**
Total Risk Weighted Assets	**29,61,407**
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	13.6%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	5.0%
Total (%)	**18.6%**

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as at September 30, 2019 under Regulatory GAAP:

(₹ lakhs)

Particulars	**1 day to 30/31 (1 month)**	**Over 1 month to 2 months**	**Over 2 months to 3 months**	**Over 3 months to 6 months**	**Over 6 months to 1 year**	**Over 1 to 3 years**	**Over 3 to 5 years**	**Over 5 years**	**Grand Total**
Cash & Bank Balances	1,66,100	2,39,217	1,55,600	-	-	-	-	-	5,60,917
Advances	1,41,113	1,18,624	1,30,004	5,35,521	9,14,542	22,97,933	5,14,797	4,42,897	50,95,430
Trade Receivable & Others	51,333	9,973	3,371	8,072	7,668	40,118	28,527	1,06,457	2,55,519
Total Inflows (A)	3,58,546	3,67,814	2,88,975	5,43,593	9,22,210	23,38,051	5,43,324	5,49,354	59,11,866
Cumulative Total Inflows (B)	**3,58,546**	**7,26,359**	**10,15,335**	**15,58,927**	**24,81,137**	**48,19,188**	**53,62,512**	**59,11,866**	
Borrowing Repayment-Bank & Others	1,44,979	1,69,415	43,096	1,62,630	2,54,900	20,57,885	4,87,824	-	33,20,729
Borrowing Repayment- Market	57,500	1,89,532	2,32,944	2,94,197	1,55,594	4,31,312	1,55,730	1,57,100	16,73,910
Capital Reserves and Surplus	-	-	-	-	-	-	-	6,63,670	6,63,670
Other Outflows	1,55,456	8,787	12,728	12,744	19,764	18,757	-	25,321	2,53,557
Total Outflows (C)	3,57,934	3,67,735	2,88,768	4,69,571	4,30,258	25,07,954	6,43,554	8,46,091	59,11,866
Cumulative Total Outflows (D)	**3,57,934**	**7,25,669**	**10,14,437**	**14,84,008**	**19,14,266**	**44,22,220**	**50,65,774**	**59,11,866**	
E. GAP (A - C)	612	79	207	74,021	4,91,952	(1,69,903)	(1,00,231)	(2,96,738)	
F. Cumulative GAP (B - D)	**612**	**691**	**898**	**74,919**	**5,66,871**	**3,96,968**	**2,96,738**	**(0)**	
Cumulative GAP as % (F/D)	**0.2%**	**0.1%**	**0.1%**	**5.0%**	**29.6%**	**9.0%**	**5.9%**	**0.0%**	

ADDITIONAL STATISTICAL INFORMATION OF OUR COMPANY AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2019

Ind AS requires us to derecognize assets sold as part of our assignment transactions and recognize the estimated future income upfront on such assets in the relevant period in which such assignment transaction is undertaken. This brings volatility in the business profitability since the quantum of assignment transactions can vary significantly across fiscal periods.

In order to reflect our Company's financial performance without taking into account derecognition of assignment transactions and other requirements under Ind AS that results in the volatility of our financial results, requirements specified above, our Company also presents the profit and loss statement for the Vehicle Finance and Home Equity segments including the off-balance sheet assets and recognizing the income generated from such assets in the relevant period in which it is earned and eliminating the upfront gain recognized on assignment transactions accounted under Ind AS norms. The presentation of such non-GAAP information by our Company is referred to the as the non-GAAP special purpose management profit and loss statement.

We have computed and disclosed such non-GAAP financial measures and statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. The manner in which we present such non-GAAP special purpose management profit and loss information may not be comparable to how other financial services companies may present information on their financial performance. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Investors are therefore cautioned against placing undue reliance on such information relating to our Vehicle Financing and Home Equity segments included herein and otherwise made publicly available on our website and elsewhere following the publication of our quarterly and annual financial results.

This non-GAAP special purpose management information, as a non-GAAP measure, cannot and will not be comparable to our audited financial statements under Ind AS. For further information, see "*Risk Factors – We have in this Preliminary Placement Document included certain financial information in relation to our Vehicle Finance and Home Equity segments that is prepared by our management based on various assumptions and estimates and such information differs from the manner in which such information would otherwise be prepared under Ind AS.*" on page 71.

We have presented below certain financial and statistical information relating to our Vehicle Finance and our Home Equity business for the relevant fiscal periods under our Ind AS financial statements. We have also included below the non-GAAP special purpose management profit and loss statement relating to our Vehicle Finance and our Home Equity segments for such fiscal periods.

Vehicle Finance (Segment Information as per Ind AS 108)

	As of/ For the Six Months Ended September 30,	
	2018	**2019**
	(₹ lakhs, except percentages)	
Disbursements	**1,132,347**	**1,273,613**
Segment Assets	**3,550,685**	**4,307,127**
Total Segment Income	254,840	322,718
Finance Costs	(131,731)	(172,689)
Net Income	**123,109**	**150,029**
Expenses	(48,683)	(63,705)
Impairment of Financial Instruments	(14,688)	(19,667)
Segment Profit Before Tax	**59,737**	**66,658**
Asset Ratios		
Income	15.2%	15.3%
Cost of Funds	(7.8)%	(8.2)%
Net Income Margin	7.3%	7.1%
Expense	(2.9)%	(3.0)%
Losses and Provisions	(0.9)%	(0.9)%
Return on Total Assets – Profit Before Tax	**3.6%**	**3.2%**

Vehicle Finance (Non-GAAP Special Purpose Management Profit and Loss Statement)

	As of/ For the Six Months Ended September 30,	
	2018	**2019**
	(₹ lakhs, except percentages)	
Disbursements	**11,32,347**	**12,73,613**
Closing Assets (On Book)	**35,50,685**	**43,90,110**

	As of/ For the Six Months Ended September 30,	
	2018	2019
	(₹ lakhs, except percentages)	
Total Income	2,54,840	3,19,804
Finance Charges	(1,31,731)	(1,72,753)
Net Income	**1,23,109**	**1,47,051**
Expenses	(48,683)	(63,705)
Loan Losses and Standard Assets	(14,688)	(19,667)
Profit Before Tax	**59,737**	**63,679**
Asset Ratios		
Income	15.2%	15.1%
Cost of Funds	(7.8)%	(8.1)%
Net Income Margin	7.3%	6.9%
Expense	(2.9)%	(3.0)%
Losses and Provisions	(0.9)%	(0.9)%
Return on Total Assets – Profit Before Tax	**3.6%**	**3.0%**

Home Equity (Segment Information as per Ind AS 108)

	As of/ For the Six Months Ended September 30,	
	2018	2019
	(₹ lakhs, except percentages)	
Disbursements	**184,873**	**216,508**
Segment Assets	**977,330**	**1,033,054**
Total Segment Income	57,913	63,992
Finance Costs	(34,065)	(38,869)
Net Income	**23,848**	**25,123**
Expenses	(5,048)	(6,587)
Impairment of Financial Instruments	858	267
Segment Profit Before Tax	**19,658**	**18,803**
Asset Ratios		
Income	12.1%	12.6%
Cost of Funds	(7.1)%	(7.7)%
Net Income Margin	5.0%	5.0%
Expense	(1.1)%	(1.3)%
Losses and Provisions	0.2%	0.1%
Return on Total Assets – Profit Before Tax	**4.1%**	**3.7%**

Home Equity (Non-GAAP Special Purpose Management Profit and Loss Statement)

	As of/ For the Six Months Ended September 30,	
	2018	2019
	(₹ lakhs, except percentages)	
Disbursements	**1,84,873**	**2,16,508**
Closing Assets (On Book)	**10,74,210**	**12,61,212**
Total Income	59,303	72,205
Finance Charges	(40,034)	(48,705)
Net Income	**19,269**	**23,500**
Expenses	(5,048)	(6,587)
Loan Losses and Standard Assets	(126)	267
Profit Before Tax	**14,095**	**17,180**
Asset Ratios		
Income	11.4%	11.9%
Cost of Funds	(7.7)%	(8.0)%
Net Income Margin	3.7%	3.9%
Expense	(1.0)%	(1.1)%
Losses and Provisions	0.0%	0.0%
Return on Total Assets – Profit Before Tax	**2.7%**	**2.8%**

ADDITIONAL STATISTICAL INFORMATION OF OUR COMPANY AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

Loans according to Business Segments/ Product Category

The following tables set forth a breakdown of Loans based on product categories under Ind AS:

Product Category	**Loans**			
	As of December 31,			
	2018		**2019**	
	Loans (₹ lakhs)	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**
Vehicle Finance	37,50,829	76.6%	43,10,948	77.0%
Home Equity	9,71,799	19.8%	10,43,944	18.6%
Others	1,75,533	3.6%	2,48,917	4.4%
Total	**48,96,226**	**100.0%**	**56,03,809**	**100.0%**

Disbursements according to Business Segments/ Product Category

The following tables set forth a breakdown of disbursements based on product categories under Ind AS:

Product Category	**Disbursements**			
	Nine Months Ended December 31,			
	2018		**2019**	
	Disbursements (₹ lakhs)	**% of Total Disbursements**	**Disbursements (₹ lakhs)**	**% of Total Disbursements**
Vehicle Finance	17,60,044	81.6%	18,68,469	79.8%
Home Equity	2,80,263	13.0%	3,07,302	13.1%
Others	1,15,503	5.4%	1,67,085	7.1%
Total	**21,55,810**	**100.0%**	**23,42,855**	**100.0%**

Provisioning and Write-offs

The following table sets forth certain information relating to the classification of assets as at the dates indicated under Ind AS:

Asset Classification	**As at December 31,**	
	2018	**2019**
	(₹ lakhs, except percentages)	
Gross Loan Assets	49,90,967	57,09,623
Less: Provision	94,742	1,05,814
Net Loan Assets	48,96,226	56,03,809
Gross Loan Assets - Stage I and Stage II **(A)**	48,26,118	55,07,245
Less: Provision **(B)**	37,099	39,129
Net Loan Assets – Stage I and Stage II **[(A) – (B)]**	47,89,019	54,68,117
Coverage Ratio Stage I and Stage II **[(C) = (B) /(A)]**	0.8%	0.7%
Gross Loan Assets – Stage III **(D)**	1,64,849	2,02,378
Less: Provision **(E)**	57,642	66,685
Net Loan Assets – Stage III **[(D) - (E)]**	1,07,206	1,35,693
Provision Coverage Ratio for Stage III [**(F) = (E) / (D)**]	35.0%	33.0%
Overall Coverage Ratio **[((B) + (E)) / ((A) + (D))]**	1.9%	1.9%

The following table sets forth details of Stage III Assets as a percentage of total Loans for our Company as at the dates indicated under Ind AS:

	As of December 31,			
	2018		**2019**	
	Gross Stage III (%)	**Net Stage III (%)**	**Gross Stage III (%)**	**Net Stage III (%)**
Stage III Assets as a percentage of total Loans	3.3%	2.1%	3.5%	2.4%

The following tables set out our capital adequacy ratios as of the dates indicated under Regulatory GAAP:

Particulars	**As of December 31,**	
	2018	**2019**
	(₹ lakhs, except percentages)	
Tier I Capital	5,91,759	6,97,255
Tier II Capital	2,14,218	2,16,734
Total Capital	**8,05,977**	**9,13,990**
Total Risk Weighted Assets	**45,20,812**	**53,64,481**
Capital Ratios		
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	13.1%	13.0%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	4.7%	4.0%
Total (%)	**17.8%**	**17.0%**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the (i) six months period ended September 30, 2019, and (ii) year ended March 31, 2019 as per the requirements under Ind AS 24, as notified under section 133 of the Companies Act, 2013 read with Ind AS rules as amended, (iii) year ended March 31, 2018, and (iv) year ended March 31, 2017; as per the requirements under AS 18 as notified under section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, see "*Financial Statements – Notes forming part of the Interim Standalone Ind AS financial statements for the six months ended September 30, 2019*", "*Financial Statements – Notes forming part of the Financial Statements for the year ended March 31, 2019*", "*Financial Statements – Notes forming part of the Financial Statements for the year ended March 31, 2018*", "*Financial Statements – Financial Statements – Notes forming part of the Financial Statements for the year ended March 31, 2017*" on pages 310, 480, 696 and 744, respectively.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations, financial condition and cash flows. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with "Our Business", "Selected Statistical Information", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 158, 40 and 100, respectively, as well as the other financial and statistical information included in this Preliminary Placement Document. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations, financial condition and cash flows could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For further information, see "Forward-Looking Statements" on page 14.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, (i) the financial information for the nine months ended December 31, 2019 included herein is derived from the Ind AS unaudited standalone financial results for the nine months ended December 31, 2019; (ii) the financial information for the six months ended September 30, 2019 included herein is derived from the Ind AS audited interim standalone financial statements for the six months ended September 30, 2019; (iii) the financial information for Fiscal 2019 included herein is derived from the Ind AS audited standalone financial statements for Fiscal 2019; and (iv) the financial information for Fiscal 2018 and Fiscal 2017 included herein is derived from the Indian GAAP audited standalone financial statements for Fiscal 2018 and Fiscal 2017, respectively, included in this Preliminary Placement Document. Financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively. For further information, see "Financial Statements" on page 241.

In this section, unless the context otherwise requires, references to "we", "us", "our", "the Company" or "our Company" refer to Cholamandalam Investment and Finance Company Limited.

INTERNAL RISKS

1. Any disruption in our sources of funding could adversely affect our liquidity and financial condition.

The liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with raising funds. Our funding requirements historically have been met from various sources, including secured and unsecured loans, such as rupee-denominated term loans and cash credit facilities from banks and financial institutions, secured non-convertible debentures, unsecured subordinated bonds, external commercial borrowings, commercial paper, inter-corporate deposits, shareholder funding and by way of securitization and assignment of receivables. As of September 30, 2019, borrowings from domestic banks represented 60.6% of our total borrowings. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources*" on page 122. Our business thus depends and will continue to depend on our ability to access a variety of funding sources.

Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, the shareholding of our Promoter in our Company, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. Pursuant to the RBI Circular on External Commercial Borrowings (ECB) Policy - New ECB Framework dated January 16, 2019 ("**ECB Framework**"), NBFCs are eligible to borrow up to USD 750 million or equivalent per financial year, in compliance with the ECB Framework under the "automatic" route, without the prior approval of the RBI. If we are required to borrow beyond USD 750 million, we would be required to obtain prior approval from the RBI. These and similar other regulations may constrain our ability to raise funds on acceptable terms.

Since September 2018, consequent to the downgrade of certain large NBFCs in various sectors, liquidity available to NBFCs from the financial system came under stress and this affected the cost of borrowing. The Government of India and the RBI have taken various initiatives since September 2018 to support the NBFC sector including systemic liquidity infusions, giving a priority sector tag to bank credit to NBFCs that on-lend to the agriculture, micro, small and medium enterprises and affordable housing segments and relaxation of the minimum holding period criteria for securitization transactions. While these measures have improved liquidity, it further increased the cost of borrowing for NBFCs. (*Source: ICRA Report*) Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

2. Our results of operations and financial condition are dependent upon the performance, operations, and prospects of the overall Indian automotive market and, in particular, demand for LCVs, HCVs and cars and MUVs. Any adverse development in the Indian automotive sector or in government policies affecting this industry, including the new and used vehicle financing industry, could adversely affect our business, results of operations and cash flows.

As our Vehicle Finance segment primarily relates to financing of new and used commercial and personal vehicles, our assets and Stage III Assets have, and will likely continue in the future to have, a high concentration of vehicle financing loans. Our Vehicle Finance segment is dependent on various factors that impact the automotive industry, such as the demand for vehicles and transportation services in India, the costs of raw materials for manufacture of vehicles, levy of additional duties and taxes, changes in Indian regulations, customer preferences and government policies affecting used and new commercial vehicles. Also see " – *Changes in environmental, tax or other laws may lead to a decline in the sale of vehicles or value of vehicles as a collateral, which could adversely affect our business, results of operations and prospects*" on page 78.

As of September 30, 2019, LCV, HCV and Car, and MUVs represented 16.2%, 11.4% and 12.8% of our total Loans, respectively. Our Loans for HCVs declined from comprising 14.2% of our total Loans as of March 31, 2018 to 13.4% of our total Loans as of March 31, 2019 and represented 11.4% of our total Loans as of September 30, 2019. A slowdown in the economy may affect transport operators' earnings negatively, resulting in higher delinquencies. Furthermore, demand for finance for used and new commercial vehicles may decline and the ability of commercial vehicle owners and/ or operators to perform their obligations under existing financing agreements may be adversely affected. As a result, any factor which adversely impacts the automotive industry, demand for motor vehicle OEMs' product and, in particular, demand for LCVs and HCVs, may have an impact on our operations, profitability and/ or cash flows. There can be no assurance that we will be able to react effectively to these or other market developments.

Additionally, our business of providing finance to customers in the commercial vehicle asset class may be further affected by competition that these customers may face from the railways, freight and cargo services. Particularly HCVs, which are mainly used for transporting goods, may face direct competition from the railway sector, which is considered to be faster, more cost effective and may have a greater geographical reach to transport goods. Government initiatives towards improving railway infrastructure or introducing any subsidies in favour of the railways may result in a decrease in business of LCVs and HCVs in the road transport logistics sector, resulting in a decline of our customers who require financing thereby adversely affecting our business, results of operations, financial condition, and cash flows.

3. Our inability to compete effectively in an increasingly competitive industry may adversely affect our Net Income Margins and market share.

The vehicle finance market is highly fragmented and historically has been serviced by a range of financial entities, including the captive finance affiliates of OEMs, banks and NBFCs. Many of these competitors have greater financial resources, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of these competitors may also have long-standing relationships with automobile dealerships. Loan pricing is one of the factors that play an important role in customers' decision making in selecting a financier and some captive finance affiliates of automobile companies have in the past offered loans at competitive rates to retain market share. There can be no assurance that we will be able to compete successfully with such competitors. Our competitors in the vehicle financing segment include incumbents like Shriram Transport Finance Company Limited, Sundaram Finance Limited, Bajaj Finance Limited, Mahindra and Mahindra Financial Services Limited and Shriram City Union Finance Limited (*Source: ICRA Report*). We believe we also face competition in many states across India from small finance banks who are focussed on the regional mass market customer segment with access to CASA deposits resulting in relatively lower cost of funds.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we lend to our customers. Our ability to increase interest rates on the loans we advance, however, is limited by newer vehicle financing products, variable payment terms and lower processing fees introduced by our competitors. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive vehicle finance market. Increasing competition may adversely affect our Net Income Margins and market share.

4. ***The volatility in interest rates and other market conditions could materially and adversely impact our business, prospects, financial condition, results of operations and cash flows.***

Our results of operations are significantly dependent upon the level of our interest income. Interest income is the largest component of our total income, and represented 95.6%, 93.9% and 93.5% of our total income in Fiscal 2018, 2019 and in the six months ended September 30, 2019, respectively. Our Net Income Margin is affected by our interest expense, which in turn is dependent on our borrowings and associated interest rates. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, liquidity, the RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Any volatility or increase in interest rates or other market conditions may also adversely affect the rate of growth of the automotive industry, which may adversely impact our business, prospects, results of operations, financial condition and cash flows.

Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of reduction in spreads. The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. Changes in interest rates could affect the interest rates we charge on our interest-earning assets in a manner different from the interest rates we pay on our interest-bearing liabilities because of the different maturity periods applying to our assets and liabilities and on the basis that our vehicle finance loans are advanced at a fixed rate. The difference could result in an increase in interest expense relative to interest income, leading to a reduction in our Net Income Margin, which could materially and adversely affect our results of operations.

5. ***Our business operations involve transactions with relatively high-risk borrowers. Any default from our customers could adversely affect our business, results of operations, financial condition and cash flows.***

We offer a range of financial products and services that address the specific financing requirements of self-employed and non-professional individuals, small and medium entrepreneurs and customers with informal income sources and limited banking and credit history. Similarly, our housing loans are focused on affordable housing and our vehicle loans are principally focused on consumers with limited access to capital through formal banking channels. A significant portion of our customer base is typically less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time. In the past, we have experienced a decline in demand in the Vehicle Finance segment and in particular the demand for our HCV loans, disbursements for which declined from ₹ 3,75,091 lakhs in Fiscal 2018 to ₹ 3,43,720 in Fiscal 2019 and was ₹ 1,02,929 lakhs in the six months ended September 30, 2019. We have a greater risk of loan defaults and losses in the event there are adverse economic conditions which may have a negative effect on the ability of our borrowers to make timely payments of their loans. As a result, we are more vulnerable to customer default risks including delay in repayment of principal or interest on our loans. Although we have our own customised due diligence and credit analysis procedures, there can be no assurance that these measures are adequate to ensure a lower delinquency rate. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly. Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/ or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Certain product segments are unsecured and are susceptible to higher levels of credit risks. Additionally, although our Vehicle Finance, Home Equity and Others segments involve certain collateral, we may still be exposed to defaults in payment, which we may not be able to recover fully or in part, or the recovery of which may require us to incur costs and expend additional resources. If our borrowers fail to repay loans in a timely manner or at all, our business, prospects, financial condition, results of operations and cash flows may be adversely impacted.

6. ***Our inability to control the level of Stage III Assets in our portfolio effectively will impact our profitability due to higher provisions.***

As of March 31, 2018 and 2019 and as of September 30, 2019, our Stage III Assets amounted to ₹ 1,48,464 lakhs, ₹ 1,43,851 lakhs and ₹ 1,80,297 lakhs, respectively. Various factors that are beyond our control may cause a further increase in the level of Stage III Assets and have an adverse impact on the quality of our loan portfolio. These factors include macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates) regulatory hurdles and global competition as well as customer specific factors such as wilful default and mismanagement of a customer's operations. If our Stage III Assets increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and would adversely affect our results of operation and financial condition. There can be no assurance that the rates of future Stage III Assets and losses will be consistent with prior experience or at levels that will maintain our profitability, that the credit performance of our customers will be maintained, that our credit and our underwriting analysis, servicing and collection systems and controls will continue to be adequate. We may also not be successful in our efforts to improve collections and/ or foreclose on existing Stage III Assets. In addition, as our loan portfolio matures, we may experience greater defaults in principal and/ or interest repayments. Thus, if we are unable to control or reduce our level of Stage III Assets, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Moreover, there can be no assurance that there will be no deterioration in our provisioning coverage as a percentage of Stage III Assets or otherwise, or that the percentage of Stage III Assets that we will be able to recover will be similar to our past experience of recoveries of Stage III Assets. In the event of any further deterioration in our Stage III Asset portfolio, or if our provisions are insufficient to cover our existing or future levels of Stage III Assets, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting Policies – Impairment of Financial Assets*" on page 131.

As of March 31, 2018 and 2019 and as of September 30, 2019, our provision coverage ratio, which comprises provision for Stage III Assets divided by the gross amount of Stage III Assets was 34.2%, 38.0% and 34.4%, respectively.

Since April 1, 2018 with the implementation of Ind AS, our Company and other NBFCs are required to make provisions for expected credit losses on loans that were outstanding on the date of reporting. We are required to provide for various factors including historical trends and macroeconomic factors which requires us to make choices of variables that have a strong correlation with the historical loss rate for the given portfolio. Such variable factors could result in an error in computing the provisioning required to be done. The estimates used in computing variables for expected credit loss may also undergo material change, which may have a significant impact on the carrying values of our loans, impairment on financial instruments and a consequential impact on our profitability, equity and CRAR. We may not always be able to address issues arising from incorrect provisioning or we may not have appropriate systems in place to identify our Stage III Assets or monitor issues relating to Stage III Assets in a timely manner or at all. As a result, we may be required to increase our provisioning thereby adversely affecting our financial condition and results of operation. In addition, the RBI has, by way of its circular dated June 7, 2019, established the Prudential Framework for Resolution of Stressed Assets ("**Revised Framework**"). The Revised Framework has introduced more stringent provisioning requirements by providing for early recognition and reporting of default in respect of large borrowers by banks, financial institutions and NBFCs and requires a stringent review and monitoring of stressed assets. If regulators, including the RBI, continue to impose increasingly stringent requirements regarding Stage III Assets and provisioning for such assets, the level of Stage III Assets could increase. Any limitation on our ability to recover, control and/ or reduce Stage III Assets as a result of these guidelines or otherwise could affect our collections and ability to foreclose existing Stage III Assets. Further, we may be unable to accurately categorise all loans that should be Stage III Assets pursuant to RBI regulations as such, which may result in under-recording our Stage III Assets.

7. ***We are subject to regulations in relation to minimum capital adequacy requirements and a decline in our CRAR will require us to raise fresh capital which may not be available on favourable terms, which may affect our business, prospects, results of operations and financial condition. A decline in our capital adequacy ratio could also restrict our future business growth.***

Our Company is subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under the extant regulations, our Company is required to have a minimum CRAR of 15.00%, with a minimum Tier 1 capital of 10%. As of September 30, 2019, our Company's CRAR was 17.1%, of which Tier 1 capital was 12.9%. The Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 prescribe prudential guidelines regarding income recognition, assets classification, provisioning requirements, credit concentration norms and capital adequacy requirements. In accordance with the capital adequacy norms issued by the RBI, an NBFC is required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. We may also be in non-compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, prospects, results of operations and cash flows. In the event of any non-compliance, the RBI may impose penal actions on us, which could have a material adverse effect on our business, results of operations and cash flows.

In accordance with the requirements prescribed by the RBI, we are required to compute and maintain our ALM and CRAR on an ongoing basis. Pursuant to adoption of Ind AS by NBFCs, the RBI is yet to provide clarification on the basis/ manner of computation of certain regulatory disclosures, including ALM and CRAR, as per the extant regulations which require presentation of various information in the notes to our Company's financial statements. Pending clarification from RBI, our Company has prepared the disclosures by making material/ significant adjustments necessary to the Ind AS Standalone Financial Statements for Fiscal 2019 to comply with the requirements of the Master Directions for Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, including framework on prudential norms, related circulars and clarifications issued by the RBI from time to time, interpretations thereon and relevant policies followed by our Company ("**Regulatory GAAP**"). Therefore, while our financial statements are prepared on the basis of Ind AS, in the absence of necessary guidance under Ind AS in relation to the computation of ALM or CRAR, we continue to compute our ALM and CRAR as indicated above on the basis of Regulatory GAAP.

8. ***Pursuant to RBI regulations applicable to various banks and NBFCs, our sources of funding may be restricted.***

We rely on loans and facilities from banks for a substantial portion of our funding requirements, and any impact on the ability of banks to provide funding to NBFCs will have a direct impact on our sources of funding. For instance, pursuant to certain RBI regulations applicable to various banks and NBFCs the RBI has imposed certain restrictions on banks from providing financing to NBFCs. Under these regulations, certain NBFC activities are ineligible for financing by bank credit, including, *inter alia* (i) certain types of discounting and rediscounting of bills (except for rediscounting of bills discounted by NBFCs arising from the sale of commercial vehicles, two-wheelers and three-wheelers, subject to certain conditions); (ii) loans and advances by NBFCs to their subsidiaries and group companies; (iii) lending by NBFCs to individuals for subscribing to initial public offerings and purchasing shares from the secondary market; (iv) unsecured loans, inter-corporate deposits by the NBFCs to/ in any company or (v) investments of NBFCs by way of shares and debentures, except need-based credit to stock broking companies against shares and debentures held by them as stock-in-trade.

Additionally, these regulations prohibit banks from (i) granting bridge loans of any nature; (ii) providing interim finance against capital or debenture issues and/ or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs; (iii) accepting shares and debentures as collateral for secured loans granted to NBFCs; and (iv) executing guarantees covering intercompany deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. Banks are also prevented from issuing guarantees for the purpose of indirectly enabling the placement of deposits with NBFCs.

Given that our primary source of funding is borrowings from banks, we cannot assure you that these regulations will not impact our ability to obtain funding from banks on favourable terms, or at all. Further, we cannot assure you that we will be able to find alternative sources of funding on equally favourable terms, or at all. Any impact on our ability to source funding may have an adverse impact on our cost of capital, financial condition, results of operations and cash flows.

9. ***Our inability to maintain relationships with automotive dealers and motor vehicle OEMs could have an adverse effect on our Vehicle Finance segment, prospects, results of operations, financial condition and cash flows.***

Our Vehicle Finance segment depends on the continuity of our relationship with our customers, particularly through automotive dealers who facilitate loan origination for us, and through our relationships with motor vehicle OEMs. There can be no assurance that we will be successful in maintaining such relationships or increasing the number of such relationships. The agreements we enter into with OEMs are on a non-exclusive basis. If we are not able to maintain existing relationships with key automotive dealers and motor vehicle OEMs or if we are not able to develop new relationships, including due to our inability to provide services on a timely basis or offer products that meet the needs of the dealers' customers, the number of dealers through which we have retail funding relationships could decline and as a result, our business, prospects, results of operations, financial condition and cash flows could be adversely affected.

10. ***We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2018. Our audited standalone and consolidated financial statements for Fiscal 2019, audited standalone and consolidated financial statements for the six months ended September 30, 2019 and the unaudited standalone and consolidated financial results for the nine months ended December 31, 2019 are not comparable with the historical Indian GAAP financial statements for Fiscal 2017 and Fiscal 2018 included in this Preliminary Placement Document.***

Our Company was required to prepare standalone and consolidated financial statements in accordance with Ind AS for Fiscal 2019 (together with the corresponding standalone and consolidated financial statements under Ind AS for Fiscal 2018). Our historical standalone and consolidated financial statements for Fiscal 2017 and for Fiscal 2018 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2019, and those for the six months ended September 30, 2019 or our Ind AS financial results for the quarter and nine months ended December 31, 2019 are not comparable with our historical Indian GAAP financial statements for Fiscal 2017 and Fiscal 2018. Our Ind AS financial statements for Fiscal 2019, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards, for further information see "*Note 49 – First Time Adoption of Ind AS*" of our Ind AS Audited Standalone Financial Statements in "*Financial Statements*" on page 593.

In this Preliminary Placement Document we have included: (i) the Indian GAAP audited standalone and consolidated financial statements for Fiscal 2017 and Fiscal 2018; (ii) the Ind AS audited standalone and consolidated financial statements for Fiscal 2019; (iii) the Ind AS audited standalone and consolidated interim financial statements for the six months ended September 30, 2019; (iv) the Ind AS unaudited standalone interim financial results for the quarter and nine months ended December 31, 2019; and (v) the Ind AS unaudited consolidated interim financial results for the quarter and nine months ended December 31, 2019. Our Ind AS audited standalone and consolidated financial statements for Fiscal 2019 also include the reconciliation statements of the Ind AS financial figures for Fiscal 2018 with our historical Indian GAAP financial statements for Fiscal 2018 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements. Unless the context otherwise requires or except as specifically indicated, all financial information in this Preliminary Placement Document has been derived from the financial statements / results of each of the respective Fiscals/ periods. However, all financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively.

In this Preliminary Placement Document we have included a discussion and analysis of our financial performance as follows: (i) our Ind AS standalone interim financial statements for the six months ended September 30, 2019 compared with our Ind AS financial figures for the six months ended September 30, 2018; (iii) our Ind AS standalone financial statements for Fiscal 2019 compared with our comparative standalone financial figures for Fiscal 2018 prepared under Ind AS; and (iv) our Indian GAAP standalone financial statements for Fiscal 2018 compared with our Indian GAAP standalone financial statements for Fiscal 2017. In addition, we have also included a brief discussion on our Ind AS standalone interim financial results for the nine months ended December 31, 2019 compared with our Ind AS standalone interim financial results for the nine months ended December 31, 2018. Further, in addition to discussing the financial statements/ results, we have also compared financial information underlying such financial statement/ results for the relevant periods mentioned above, as applicable.

Further, the notes to the Ind AS standalone and consolidated financial results for quarter and the six months ended September 30, 2019 states that that the standalone results for the quarter and six months ended September 30, 2018 were reviewed by statutory auditors except for the standalone cash flow statement for the period April 1, 2018 to September 30, 2018 which has not been subjected to audit or limited review and has been prepared and certified by the Company.

In addition, the notes to unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 also states that the comparative information for consolidated financial results for the quarter and nine months ended December 31, 2018 has been prepared and certified by the management and not been subjected to limited review.

Investors are therefore cautioned against placing undue reliance on such information while making their investment decision.

11. ***Our Company, one of our Directors, and one of our Subsidiaries are involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows.***

There are outstanding legal proceedings involving our Company, one of our Directors, and one of our Subsidiaries. These proceedings are pending at levels of adjudication before various courts, including certain civil, criminal and taxation cases that have been filed against our Company. For further information of the material legal proceedings that we, our Directors and our Subsidiaries are subject to, see "*Legal Proceedings*" on page 229. We cannot assure you that the outcome of these legal proceedings will be favourable, and any adverse decision in any of these cases may impact our business and financial condition. The disputed amount involved in certain matters may be large, and an adverse order against us on such matters may impact our financial resources. For instance, the Deputy Commissioner of Income Tax, Chennai ("**DCIT**"), has filed an appeal before the Income Tax Appellate Tribunal against our Company, where the DCIT has prayed for the restoration of an assessment order with an alleged demand of ₹21,264 lakhs against our Company. For further details, see "*Legal Proceedings – Litigation involving our Company – Tax litigation against our Company*" on page 230. Litigations against our Company could also consume our financial resources in their defense or prosecution. Further, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our provisions, expenses and current liabilities.

12. ***We operate in a highly regulated industry and changes in the laws, rules and regulations applicable to us may adversely affect our business, financial condition, results of operations and cash flows.***

We operate in a highly regulated industry and we have to adhere to various laws, rules and regulations. Our Company has a certificate of registration from the RBI to operate as an NBFC and is regulated by the RBI. Accordingly, legal and regulatory risks are inherent and substantial in our business. As we operate under licenses or registrations obtained from the applicable regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by the relevant regulators. For a description of the material laws, rules and regulations applicable to us, see "*Key Regulations and Policies*" on page 174.

In addition, any changes in the laws, rules and regulations applicable to us may adversely affect our business, financial condition and results of operations. Additionally, our Subsidiary, Cholamandalam Home Finance Limited has applied for a license to operate as a housing finance company in June 2018, and we may not be able to anticipate when such regulatory approvals required by will be received. There can also be no assurance that the revised regulations proposed by the RBI would not impose additional obligations and restrictions on the business proposed to be carried out by our Subsidiary, Cholamandalam Home Finance Limited.

Additionally, the RBI has been given a wider role in the management of NBFCs in adverse situations pursuant to the Finance Act, 2019 which was brought into force on August 1, 2019. The RBI has been empowered to, amongst other things, remove and replace a director or supersede the board of directors of NBFCs in public interest, remove or debar auditors, frame schemes for amalgamation, reconstruction or splitting of the NBFC into viable and non-viable businesses to preserve the continuity of activities of NBFCs.

The RBI has issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to micro and small enterprise borrowers to an external benchmark with effect from October 1, 2019. Also, pursuant to its circular dated November 4, 2019, the RBI has issued the 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies' (the "**LRM Guidelines**") in order to strengthen and raise the standard of the ALM framework applicable to NBFCs. The LRM Guidelines are required to be adhered to by all non-deposit taking NBFCs with asset size of ₹ 10,000 lakhs and above, systemically important Core Investment Companies and all deposit taking NBFCs (irrespective of their asset size). Further, all non-deposit taking NBFCs with asset size of ₹ 10,00,000 lakhs and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of LCR by ensuring that they have sufficient High Quality Liquid Asset ("**HQLA**") to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days. The LCR requirement shall be binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024. All non-deposit taking NBFCs with asset size of ₹ 5,00,000 lakhs and above but less than ₹ 10,00,000 lakhs shall also maintain the required level of LCR starting December 1, 2020 with the minimum HQLAs to be held being 30% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024. This could increase our market risks for investments and reduce the funds that we have for loans, adversely affecting our business and results of operations. This could increase competition for loan products, reducing demand for our loan products. We cannot assure you that the above changes or any future changes in regulations would not have an adverse impact on our business operations and growth prospects.

13. ***Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to obtain additional financing, raise capital, conduct our business and operations in the manner we desire.***

As of September 30, 2019, our total borrowings (comprising debt securities, borrowings (other than debt securities) and subordinated liabilities) were ₹ 55,90,348 lakhs, and we will continue to incur additional indebtedness in the future. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards servicing of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements;

- our ability to obtain additional financing in the future at reasonable terms may be restricted;

- fluctuations in market interest rates may affect the cost of our borrowings, as our indebtedness are at variable interest rates;

- there could be a material adverse effect on our business, prospects, results of operations, financial condition and cash flows if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and

- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Some of the financing arrangements entered into by us include conditions that require our Company to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of these covenants include, altering our capital structure; changing our current ownership/ control, formulating a scheme of amalgamation, disposal or acquisition of key subsidiary, compromise or reconstruction, material change in management, making any investments whether by way of deposits, loans or investments in share capital of a company, implementing a scheme of expansion, undertaking guarantee obligations, declaration or payment of dividend, substantial expansion of any project and amending constitutional documents. Further, under certain financing agreements, we are required to maintain specific credit ratings and if we fail to do so, it would result in an event of default. We are also required to maintain certain financial ratios and ensure compliance with regulatory requirements such as maintenance of capital adequacy ratios, qualifying asset norms and ensure positive net worth. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

Our lenders may recall all or part of such unsecured amounts borrowed by us on short or no notice. Such recalls on borrowed amounts may be contingent on the occurrence of an event beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls which may adversely affect our operations and cash flows. Further, certain of our lenders also have the ability to cancel amounts from sanctioned limits of our Company, which have not been drawn down by us.

A failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and the enforcement of any security provided. Pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated or any security created under such agreements enforced, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Additionally, during any period in which we are in default, we may be unable to raise, or may face difficulties raising, further financing.

In addition, we cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. We may also need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

14. We rely significantly on our information technology systems for our business and operations and any failure, inadequacy or security breach in such systems could adversely affect our business, results of operations and reputation.

Our business is dependent upon complex and interdependent information technology systems. We use our technology platforms to assist with functions such as lead generation and management, underwriting and risk management, collections and to perform data analytics. We have developed and use proprietary tools, cloud services and mobility applications. We have an integrated customer relationship management and loan management system. Our operations depend on our ability to process a high volume of transactions across our network of branches, which are connected through computer systems and servers to our corporate office. As part of our growth strategy, we intend to further develop and invest in our information technology systems and create an end-to-end digital process.

The size and complexity of our computer systems may make them potentially vulnerable to breakdown, system integration problems, malicious intrusion and computer viruses. Our financial, accounting, analytics or other data processing systems may fail to operate adequately, or at all, as a result of events that are beyond our control, including a disruption of electrical or communications services in markets in which we primarily operate. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. Although we have not experienced any significant disruptions to our information technology systems in the past, we cannot assure you that we will not encounter disruptions in the future. In addition, our systems are potentially vulnerable to data security breaches, whether by employees, who may have a lack of experience with our newer information technology systems, or others, that may expose sensitive data to unauthorized persons. Data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. Any such security breaches or compromises of technology systems could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business and reputation.

15. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

As security for the financing facilities provided by us to our customers, the vehicles or construction equipment purchased by our customers are hypothecated in our favour and property is mortgaged for LAP. For each financing arrangement, we sanction an amount of credit that is less than the value of the vehicle or property which we take as collateral. We regulate this amount through our restrictions on the loan to value ratio of each financing. Loans are generally provided up to certain specified percentages of the value of new commercial vehicles and used vehicles, as ascertained by our appraiser.

The value of the vehicle, or construction equipment, however, is subject to depreciation, deterioration, and/ or reduction in value on account of other extraneous reasons, over the course of time. Similarly, for LAP, the value of the collateral may not be adequate to cover amounts under default. Consequently, the realizable value of the collateral for the credit facility provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. Furthermore, in the case of a default, we typically repossess the collateral. The hypothecated vehicles and construction equipment, being movable property, may be difficult to locate or seize in the event of any default by our customers.

There can also be no assurance that we will be able to sell such vehicles, construction equipment or properties provided as collateral at prices sufficient to cover the amounts under default. In addition, there may be delays associated with such processes. Further, if any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process leading to depreciation of the secured asset. A failure or delay in recovering the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition, results of operations and/ or cash flows. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. Further, if we are unable to sell any repossessed vehicles provided as security for such loans, at commercially favourable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed vehicles and our operations, cash flows and profitability could be adversely affected.

16. We have in this Preliminary Placement Document included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. We have in this Preliminary Placement Document included financial information on our Expense Ratio, Loan Losses and Net Income Margin calculated on basis of our Average Closing Assets (Balance Sheet), which may be different from that followed by other financial services companies. For further information, see "*Selected Statistical Information*" on page 40. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

17. We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations, profitability and/ or cash flows.

While we believe that our cash flow from operations, available cash and borrowings will be adequate to meet our future liquidity needs, we cannot assure you that our businesses will generate sufficient cash flow from operations such that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to repay our existing indebtedness, fund our expansion efforts or fund our other liquidity needs. If we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected, which will have a significant adverse effect on our results of operations and financial condition.

Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our Net Income Margin. For further information, see *"Selected Statistical Information"* on page 40. As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as working capital demand loans, cash credit and commercial papers. We also face interest rate risks as vehicle finance loans are typically provided at a fixed rate of interest whereas the term loans and working capital loans from banks taken by us are typically based on a floating rate of interest.

Consequently, our inability to obtain and/ or maintain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers. Such factors may have an adverse effect on our results of operations and financial condition.

18. ***A significant portion of our overdue collections are in cash and consequently we face the risk of misappropriation or fraud by our full-time employees or other personnel engaged by us, which may adversely affect our business and profitability.***

A significant portion of our collections from our customers is in cash. Large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. In the past, we have been subject to acts of fraud committed by our employees and customers. Misconduct by our employees could also include binding us to transactions that exceed authorised limits or present unacceptable risks or concealing unauthorized or unlawful activities from us. These risks are exacerbated by the high levels of responsibility we delegate to our employees, the geographically dispersed nature of our network and our hub and spoke business model, with the centralized hub situated out of our head office in Chennai. We primarily cater to customers in rural and semi-urban markets, which carry additional risks due to limitations on infrastructure and technology.

While we have implemented technology that tracks our cash collections, taken insurance policies, including fidelity coverage and coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same asset/ collateral and unauthorized collection of instalments on behalf of our Company. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and others successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify. It is not always possible to deter fraud or misconduct by employees and customers and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such fraud or misconduct could adversely affect our reputation, business, results of operations, financial condition and cash flows.

In addition, in the Vehicle Finance segment, customers we lend to are typically road transporters who travel long distances away from their home location. Our inability to trace such customers who default on their loans may result in additional loan losses. Similarly, in our Home Equity segment, where our customers default, our ability to take possession of property legally and dispose it off could take longer time.

19. ***Our secretarial and historical records may be subject to deficiencies and inaccuracies. Further, some of our historical records may not be traceable.***

The MCA, Office of the Registrar of Companies, Tamil Nadu has issued three notices to us, each dated March 15, 2019, pursuant to an inspection conducted under Section 209A of the Companies Act, 2013, to show cause for the following: (i) allegedly not following the 'useful life' prescribed under the Companies Act, 2013; (ii) classifying computers and data processing units of the Company as 'plant and machinery' in the financial statements for Fiscals 2015 to 2018; and (iii) allegedly not furnishing the financial position of the Subsidiaries and the erstwhile subsidiary, White Data Systems Private Limited, in the Board report attached to the financial statements of the Company. While we have responded to the MCA, we cannot assure you that the Ministry of Corporate Affairs will not take any action against us pursuant to these show cause notices. Further, while our financial statements are prepared in accordance with the applicable laws and accounting standards, we cannot assure you that the MCA will not issue similar show cause notices to us in the future for any alleged non-compliance, due to a difference in interpretation.

Our Company was incorporated in 1978, and we are not in possession of certain historical filings made by our Company with statutory authorities and there are certain inconsistencies in some of our historical records. For instance, (i) the list of allottees in respect of the allotments made by us on December 4, 1978, February 26, 1979, April 7, 1980 and December 26, 1990, are presently not traceable; (ii) for allotments made by us on October 27, 1982 and February 20, 1995 the allotment registers are incomplete, and the complete list of allottees is not available in our records; (iii) the shareholder approvals for preferential allotments made by our Company between November 2, 1978 and January 19, 1980 are not traceable; and (iv) there have been instances of inconsistencies between the return of allotment and the resolutions in respect of certain allotments. We have relied on documents including form filings made by our Company, resolutions passed by our Company, annual returns of our Company, annual reports, audited financials etc., in relation to the build-up of the equity share capital of our Company as disclosed in "*Capital Structure*" on page 92. We cannot assure you that our Company will not be subject to any action, including monetary penalties by statutory authorities, on account of any non-availability of, or inconsistency in, the secretarial records and filings of our Company.

20. ***We have in this Preliminary Placement Document included certain financial information in relation to our Vehicle Finance and Home Equity segments that is prepared by our management based on various assumptions and estimates and such information differs from the manner in which such information would otherwise be prepared under Ind AS.***

In order to provide potential investors with additional information to understand our business and financial performance, we have included in this Preliminary Placement Document certain additional non-GAAP information relating to our Vehicle Finance and Home Equity segments. Ind AS requires us to derecognize assets sold as part of our assignment transactions and recognize the estimated future income upfront on such assets in the relevant period in which such assignment transaction is undertaken. This brings volatility in the business profitability since the quantum of assignment transactions can vary significantly across fiscal periods.

In order to reflect our Company's financial performance without taking into account derecognition of assignment transactions and other requirements under Ind AS that results in the volatility of our financial results, requirements specified above, our Company also presents the profit and loss statement for the Vehicle Finance and Home Equity segments including the off-balance sheet assets and recognizing the income generated from such assets in the relevant period in which it is earned and eliminating the upfront gain recognized on assignment transactions accounted under Ind AS norms. The presentation of such information differs from the manner in which such information is required to be presented under Ind AS. Accordingly, such information is not comparable with information prepared under Ind AS.

Further, the presentation of certain selected statistical information herein derived from our Indian GAAP financial statements included in this PPD may differ from, and may not be comparable to, the presentation of similar selected statistical information herein derived from our Ind AS financial statements / results included in this PPD.

Investors are therefore cautioned against placing undue reliance on such information relating to our Vehicle Financing and Home Equity segments included herein and otherwise made publicly available on our website and elsewhere following the publication of our quarterly and annual financial results. The non-GAAP special purpose management profit and loss statement relating to our Vehicle Financing and Home Equity segments is a supplemental measure of our Company's financial performance that is neither required by, nor presented in accordance with, accounting principles generally accepted in India or elsewhere; and the manner in which we present such non-GAAP special purpose management profit and loss information may not be comparable to how other financial services companies may present information on their financial performance. These non-GAAP financial measures may not be computed on the basis of any standard methodology that is applicable across the financial services industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. For further information, see "*Selected Statistical Information – Additional Statistical Information of our Company as of and for the Six Months Ended September 30, 2018 and September 30, 2019*" on page 57.

21. ***We require certain statutory and regulatory approvals and licenses for conducting our business and an inability to obtain or maintain such approvals and licenses in a timely manner, or at all, may adversely affect our operations.***

We require various approvals, licenses, registrations and permissions for operating our business. We are also required to comply with the prescribed requirements including exposure limits, classification of NPAs, KYC requirements and other internal control mechanisms. In the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner, or at all, and/ or on favorable terms and conditions. Our failure to comply with the terms and conditions to which such permits or approvals are subject, and/ or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations, future financial performance and price of our Equity Shares.

In the event that we are unable to comply with the requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/ or the cancellation of our license to operate as an NBFC. However we cannot assure you that we may not breach the exposure norms in the future. Any levy of fines or penalties or the cancellation of our Company's license to operate as an NBFC by the RBI or the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, results of operations, financial condition, cash flows and the trading price of our Equity Shares.

In addition, we require various registrations to operate our branches in the ordinary course of our business. These registrations typically include those required to be obtained or maintained under legislations governing shops and establishments, professional tax and trade licenses of the particular state in which they operate. Certain approvals may have lapsed in the normal course of business and our Company has either made an application to the appropriate authorities for renewal of such registrations or is in the process of making such applications. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificates of registration may be suspended or cancelled and we shall not be able to carry on such activities. For further information, see "*Key Regulations and Policies in India*" on page 174.

22. An inability to effectively manage our growth, sustain our rate of growth, or maintain operational efficiencies, may adversely affect our business and we may not be able to increase our revenues or maintain our profitability.

We have experienced significant growth in recent times and our current growth strategy includes increasing the number of loans we extend, diversifying our product portfolio, aligning it based on the changing business environment and requirements of our customers and expanding our customer base. Our profit after tax for the period has increased from ₹ 91,830 lakhs in Fiscal 2018 to ₹ 1,18,615 lakhs in Fiscal 2019 and our profit after tax for the period was ₹ 62,120 lakhs in the six months ended September 30, 2019. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio. If we increase the number of loans we extend too quickly or fail to properly assess credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which may adversely affect the quality of our assets and our results of operations and financial condition. We also face a number of operational risks in executing our growth strategy. As part of our growth strategy, we have experienced rapid growth in our Vehicle Finance segment, our office network has expanded significantly and we are expanding to additional smaller towns and cities within India. Our branches have increased from 709 as of March 31, 2017 to 911 as of March 31, 2019 and we had 1,029 branches as of September 30, 2019. Our rapid growth exposes us to a wide range of risks, including business and management risks, such as the possibility that a number of our impaired loans may increase faster than anticipated or that we fail to understand the new markets we enter into, as well as operational risks and fraud, regulatory and legal risks. It will also place sufficient demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls.

Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant and cost effective for our target customers, training managerial personnel to address emerging challenges, developing and maintaining technical infrastructure and systems and ensuring a high standard of customer service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to evolving internal controls and risk management procedures. Failure to train our employees for the above operational controls may result in loss of business, erosion of the quality of customer service, diversion of management resources, an increase in our exposure to high-risk credit, significant costs and an increase in employee attrition rates, any of which could adversely affect our business.

While we try to balance our Loans/ disbursals depending on the business environment and respective risk parameters, this approach may not always be successful in the event markets do not perform as anticipated.

23. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our Net Income Margin and our business.

The cost and availability of capital is dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our current ratings indicate high degree of safety as regards timely servicing of financial obligations and carrying low credit risk. For further information on our Company's credit ratings, see "*Our Business – Credit Ratings*" on page 171.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, negatively affect our Net Income Margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. The ratings provided by the rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

24. We are subject to the risk of failure of, or a material weakness in, our internal control systems, which could have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

We have established internal control systems and processes for our internal audit team to scrutinise, and periodically test and update, all facets of our operations, as necessary. However, we are exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions we may take to mitigate these risks may not be sufficient to ensure an effective internal control environment. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Although we believe that we have taken appropriate measures to develop our internal control systems and policies to address those issues, we cannot assure you that our systems and policies will be sufficient or will fully correct such weaknesses, or that similar deficiencies will not arise in the future.

Further, our management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such weaknesses. As a result, we may incur expenses or suffer monetary losses, which may not be covered by our insurance policies and may result in a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

25. Negative cash flows in the future could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.

We have in the past, and may in the future, experience negative operating cash flows. The following table sets forth certain information relating to our cash flows on a standalone basis for the periods indicated under Ind AS:

Particulars	**Fiscal**		**Six months ended September 30, 2019**
	2018	**2019**	
	(₹ lakhs)		
Net cash generated from/ (used in) operating activities	(7,92,291)	(9,29,381)	(2,61,360)

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be materially and adversely affected. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 100.

26. We have securitized/ assigned a significant portion of the receivables from our loan portfolio to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned to banks and other institutions or any change in RBI or government policies may adversely affect our results of operations, financial condition and cash flows.

We have securitized and assigned through bilateral transactions a significant portion of the receivables from our loan portfolio to banks and other institutions. These securitization and assignment transactions are conducted on the basis of internal estimates of our funding requirements, and may vary from time to time. As of March 31, 2018 and 2019 and as of September 30, 2019, we had De-recognized Loans amounting to ₹ 67,091 lakhs, ₹ 1,67,117 lakhs and ₹ 3,60,058 lakhs, respectively, representing 1.56%, 3.07% and 6.07%, respectively, of our Business AUM. Under Indian GAAP, interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per the extant RBI guidelines. Further, under Ind AS 109, assets transferred under securitisation do not meet de-recognition criteria and the same will therefore be retained in the books and amount received from the securitisation trust will be treated as borrowing. The assignment transactions entered into by the Company satisfy de-recognition criteria under Ind AS, consequently, upfront gain is recognised on bilateral assignments. Any change in RBI or other government regulations in relation to bilateral direct assignments and securitizations by NBFCs could have an adverse impact on our assignment and securitization plans in the future.

Securitization and assignment transactions help us in maintaining our capital adequacy, are considered as a true sale as per RBI guidelines relating to securitisation and direct bilateral assignment and also provide us with relief on capital. It also helps in generation of income by way of collection fees and agreed spread. The counterparties to securitization transactions require us to provide credit enhancement through fixed deposits or bank guarantees. Credit enhancements enable us to improve our credit worthiness. We had credit enhancement outstanding of ₹ 45,288 lakhs and outstanding bank guarantees of ₹ 51,139 lakhs as of September 30, 2019. In the event a counterparty does not realize the receivables due under such loan assets, it could claim recourse through such credit enhancement for an amount up to the first loss risk, which could adversely affect our results of operations and financial condition. Furthermore, any recourse to such credit enhancement or invocation of bank guarantees may also result in our inability to securitize further pools of assets.

27. We rely on third party external vendors and Chola Business Services Limited to whom we have outsourced certain of our operations. If these third parties fail to perform their obligations, it could adversely affect our business and cause us financial loss, which may not be recoverable from such third-party in full or at all.

For certain of our business functions such as customer acquisition, property and vehicle valuations, title verification, field investigation, tele-calling, IT systems management and vehicle repossession, we depend on third-party external vendors to provide these services to us. If these third-parties fail to perform their services adequately or lapse on their part to meet quality standards that we require, it may result in potential operational and credit losses which can impact our profitability. While we believe we have a vendor on-boarding and monitoring process that enables us to identify and change non-performing vendors, there can be no assurance that such controls implemented by us will prevent any potential future losses. Further, any failure on our part to comply with the terms contained in agreements with such vendors may expose us to the risk of premature termination of the arrangement and claims, disputes and litigations with such third-parties.

We have entered into a services agreement dated April 1, 2009 with Chola Business Services Limited initially for a period of 12 months which has since been extended by the parties, pursuant to which Chola Business Services Limited provides us with personnel deputed for our business operations. These personnel perform various activities such as sourcing of customers, distribution and marketing of our financing products, collections including collection of overdue amounts and repossession of assets, and other back office and administrative support. As of September 30, 2019, we used the services of 15,174 personnel provided by Chola Business Services Limited.

In the event that Chola Business Services Limited fails to deliver trained personnel for our business operations, source customers and assess them adequately or effectively perform its services pursuant to the services agreement, or if this agreement is not renewed, and we are unable to find an alternative service provider at similar terms or at all, it may adversely affect our business operations and financial performance.

28. We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors in or incompleteness of such information could cause our business to suffer. In addition, we are exposed to counterfeit collateral documents which we might record as security.

In deciding whether to extend credit or enter into other transactions with customers, we rely on information furnished to us by or on behalf of customers. We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. In the past 12 months, we have had instances where we have identified fake collateral/ title documents from customers on delinquent accounts. These accounts will take longer legal proceedings to resolve. There is no assurance that there will not be any further such instances given the manual nature of property documentation and verification in India.

Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. A nationwide credit bureau, viz., the Credit Information Bureau (India) Limited ("**CIBIL**") is operational in India and RBI has approved the creation of other credit information bureaus. However, CIBIL does not presently report information from retailers, utility companies and trade creditors, and no other nationwide bureaus of this nature presently exist. While the law provides us with better access to credit information, there may be relatively less financial and credit information available on small and medium enterprises and in relation to the possibility of double-financing obtained by any such clients, than may have been available in a more developed economy, and the availability of such financial and credit information in India may be considered to suffer from an absence of competitive pressure at present.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, prospects, results of operations, financial condition and cash flows.

29. Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timely availability of data. Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated and which may adversely affect our business and results of operation.

Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC, vehicle finance, home equity and housing finance and mortgage loan sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

30. ***Our insurance coverage may not adequately protect us against losses.***

We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition, results of operations and cash flows.

31. ***Priority sector lending requirements adhered to by scheduled commercial banks may increase our cost of funding and adversely affect our business, results of operations, financial condition and cash flows.***

Pursuant to the RBI master circular dated July 1, 2015, as amended, and master directions dated July 7, 2016 on priority sector lending-targets and classification, scheduled commercial banks operating in India are required to maintain 40% of their adjusted net bank credit or the credit equivalent amount of their off balance sheet exposure, whichever is higher, as priority sector advances. Foreign banks with 20 or more branches in India were required to achieve such 40% priority sector lending within a maximum period of five years commencing from April 1, 2013 and ending on March 31, 2018, while foreign banks with less than 20 branches are required to achieve such 40% priority sector lending in a phased manner i.e. 32% by Fiscal 2016, 34% by the Fiscal 2017, 36% by Fiscal 2018, 38% by Fiscal 2019 and 40% by Fiscal 2020. Further, as per RBI circular dated August 13, 2019, lending by banks to NBFCs for the following sectors will be eligible for classification as priority sector lending: (i) agriculture – on-lending by NBFCs for ‘term lending’ component under agriculture is permissible up to ₹ 10 lakh per borrower, (ii) MSME – on-lending by NBFC is permissible up to ₹ 20 lakh per borrower, and (iii) housing - existing limits for on-lending by HFCs has been increased from ₹ 10 lakh per borrower to ₹ 20 lakh per borrower. Further, bank credit to NBFCs for on-lending will be permitted to up to a limit of 5% of the individual bank’s total priority sector lending on an ongoing basis.

Commercial banks in the past have relied on specialized institutions, including NBFCs, to provide them with access to qualifying advances through lending programs and loan assignments, which may lead to more competition for us and may adversely affect our business and results of operations. Any such changes in priority sector guidelines by RBI may adversely affect our business and operations. While scheduled commercial banks may still choose to lend to NBFCs they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation. As a result of these developments, our access to funds and the cost of our capital may be adversely affected and to the extent we are unable to secure replacement funding at similar cost or at all, our results of operations could be adversely affected.

32. ***We are subject to ongoing scrutiny by regulatory authorities. A failure to comply with regulatory observations following any such inspections may adversely affect our business and prospects.***

The RBI periodically carries out onsite inspections on banks, financial institutions and NBFCs under the provisions of the RBI Act, pursuant to which an annual inspection of our books of accounts and other records relating to our financial position is conducted by the RBI on an ongoing basis. In the past, in its periodic inspections on our Company, the RBI has made observations on various matters including, among other things, the (i) internal controls and processes, (ii) risk management systems, (iii) policies, (iv) management, and (v) other operational matters of our Company. We have responded to these observations from time to time, and have taken steps, or are in the process of taking steps to address the identified issues. In the event that we fail to comply with the RBI observations as committed, or in case we seek waivers or extensions for complying with the observations, the RBI may take adverse action against us, including placing stringent restrictions on our operations or even revoking our registration/ licence.

33. ***Cholamandalam Home Finance Limited, our wholly-owned subsidiary, has applied for a license to be registered as a HFC. If Cholamandalam Home Finance Limited is not successful in such business, we may lose some or all of the investments that we have made in it and our reputation, results of operations, financial condition and cash flows may be adversely affected.***

Cholamandalam Home Finance Limited, our wholly-owned subsidiary, had initially applied to the National Housing Bank in June 2018, which is now pending with the RBI, for a license to be registered as a HFC and commence housing finance business. We may be required to invest capital into Cholamandalam Home Finance Limited in order to grow its housing finance business. We will be subject to all the business risks and uncertainties associated with the housing finance business, which may adversely affect our business, prospects, results of operations, financial condition and cash flows. These risks include the following:

- the housing finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important;

- we may face challenges in attracting and retaining talented professionals;

- we may face significant challenges in developing and institutionalizing our procedures and policies for that business;

- our ability to capture a substantial share of housing finance segment and attract customers given the fierce competition in the housing finance market; and

- our ability to balance asset and liability profiles for the housing finance business and meet the funding requirement of long tenure affordable housing loans.

If the housing finance business of Cholamandalam Home Finance Limited is unsuccessful, we may lose some or all of the investments that we make in Cholamandalam Home Finance Limited and our reputation, financial condition and results of operations could be adversely affected.

In addition, as per the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "**HFC Directions**") read with Notification No.NHB.HFC.DIR.22/MD&CEO/2019, every housing finance company is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 13% on or before March 31, 2020, 14% on or be-fore March 31, 2021 and 15% on or before March 31, 2022 and thereafter of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. The Tier I capital of HFCs is mandated to not fall below 10% at any time. Further, the HFC Directions require that the Tier II capital at any point of time shall not exceed 100.0% of the Tier I capital. We cannot assure you that the revised regulations proposed by the RBI would not impose additional obligations and restrictions on the business proposed to be carried out by our Subsidiary, Cholamandalam Home Finance Limited on receipt of the HFC license from the RBI. In the event our Subsidiary, Cholamandalam Home Finance Limited is unable to comply with the HFC Directions, we cannot assure you that the RBI will not take any action against us, which may not adversely affect our business and results of operations.

34. ***A portion of our loans are unsecured. If borrowers under unsecured loans default and we are unable to recover such receivables in a timely manner or at all, our financial condition, results of operations and cash flows may be adversely affected.***

As at September 30, 2019, we had Loans – unsecured of ₹ 42,545 lakhs which represented 0.8% of our total Loans. Since these loans are unsecured, in the event of defaults by such customers, our ability to realise the amounts due to us would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision for us. Any failure to recover the full amount of principal and interest on unsecured loans given to our customers could adversely affect our financial condition, results of operations and cash flows.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Act, 2002 has strengthened the ability of lenders to recover NPAs by granting lenders greater rights to enforce security and recover amounts owed from secured borrowers, it does not apply to unsecured loans and secured loans below ₹ 100 lakhs or where the remaining debt is below 20% of the original principal. Since the introduction of the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), the IBC has become the main framework under which insolvency proceedings against corporate persons are undertaken. While the IBC does not make any distinction between secured creditors and unsecured creditors during the corporate insolvency resolution process, the liquidation waterfall in case the company has to undergo liquidation depends on whether the creditor is secured or unsecured. It is nonetheless possible for us to take a significant reduction in the amount owed to us both in case of insolvency resolution and liquidation, which could result in increased losses and decline in profits, and adversely affect our financial condition, results of operations and cash flows.

35. ***Cholamandalam Securities Limited ("CSL"), our wholly-owned subsidiary, is a registered member of NSE and BSE and a depository participant in NSDL and CDSL. If CSL is not successful in such business, we may lose some or all of the investments that we have made in it and our reputation, results of operations, financial condition and cash flows may be adversely affected.***

CSL, our wholly-owned subsidiary, is a registered member of NSE and BSE and a depository participant in NSDL and CDSL. The stock broking business of and depository participant services provided by CSL are highly regulated, and is subject to a number of regulations including the SEBI (Stock Brokers) Regulations, 1992, SEBI (Intermediaries) Regulations, 2008, SEBI Master Circular for Stock Brokers dated June 1, 2018, SEBI (Research Analysts) Regulations, 2014 and Securities and Exchange Board of India (Depositories and Participants)

Regulations, 2018. We are subject to all the business risks and uncertainties associated with the stock broking business, which may adversely affect our business, prospects, results of operations, financial condition and cash flows. These risks include the following:

- General economic and political conditions in India and globally that affect the Indian securities markets. Downturns and adverse market conditions could adversely affect the volume of trading in securities offered, thereby reducing brokerage revenues;
- Market movements and volatility may affect the demand for third-party products, thereby reducing commission income;
- Increased competition in this business, leading to lower fee and commissions and lower income;
- Financing costs may increase due to the limited access to liquidity and the capital markets or volatility in interest rates;
- Stock broking operations are also subject to regulatory limits on brokerage fee rates and net worth requirements imposed by the exchanges, and CSL is subject to various laws relating to the prevention of insider trading, front running and other conflicts of interest. Although there are internal controls and measures in place, there can be no assurance that CSL or its agents, intermediaries or employees will always manage such conflicts of interest, including compliance with various applicable laws and regulations.
- The laws applicable to such business continue to evolve and may be amended, revised or replaced in the future by the Government or regulatory authorities, or due to judicial decisions. Such measures may affect trading volumes and increase trading costs, which may affect our business, financial condition and cash flows.

In the event that we are unable to comply with the requirements specified under such regulations, we may be subject to regulatory actions by the SEBI or the Stock Exchanges, including levy of fines or penalties. There have been instances in the past where monetary penalties have been levied on our Company which have either been paid or are in the process of being defended. If the stock broking business of CSL is adversely affected, we may lose some or all of the investments that we make in CSL and our reputation, financial condition and results of operations could be adversely affected.

36. ***We face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.***

We cater primarily to customers in rural and semi-urban markets, which may have limited infrastructure, particularly for transportation and electricity. At our branches in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations in these markets, such as higher data connectivity and network costs. We cannot make assurances that such costs will not increase in the future as we expand our network in rural and semi-urban markets, which could adversely affect our profitability. Moreover, some of our customers reside in rural and semi-urban areas and their results of operations are affected by risks specific to their businesses. For example, the agriculture industry in India is substantially dependent on monsoons. Extreme weather conditions such as drought, insufficient rainfall or floods may potentially affect the quality and quantity of farming production in a given year, thereby adversely affecting the ability of our farmer customers to repay their loans.

37. ***We may experience difficulties in expanding our business into new regions and markets in India.***

As we continue to grow, we will evaluate opportunities to expand our business into new markets in India. Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in such existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with target customers.

As we expand our geographic footprint, our business may be exposed to additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business partners with whom we may have no existing relationship; successfully marketing new products; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardised systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken.

To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations may adversely affect our business, financial conditions, results of operations and cash flows.

38. ***Our inability to maintain relationships with our sourcing intermediaries could have an adverse effect on our business, prospects, results of operations and financial condition.***

In addition to our sales team, we have entered into commercial arrangements with sourcing intermediaries, which include commission based direct selling agents ("**DSAs**"), If we are unable to provide services required by these sourcing intermediaries on a timely basis or offer products that meet the needs of customers referred by them, the number of such arrangements and amount of loans originated by them, could decrease and adversely affect our business, prospects, financial condition, results of operations and cash flows. As of September 30, 2019, we had 24,150 sourcing intermediaries in our Vehicle Finance segment. These are non-exclusive arrangements and our loan origination is dependent to an extent on continuing such relationships on commercially reasonable terms. There can be no assurance that we will be successful in maintaining our relationships with these sourcing intermediaries. These sourcing intermediaries could originate loans for our competitors thereby adversely affecting our business prospects. In addition, sourcing intermediaries may not be able to effectively market our loan products, and any misbehavior or misrepresentation by these sourcing intermediaries to the customers may impair or harm our reputation. In addition, we engage DSAs for sourcing customers for our Home Equity and Others segment. As of September 30, 2019, we engaged 550 DSAs for our operations. DSAs serve as an important sourcing channel for us and for the industry in general, and have a captive pool of customers with whom they maintain a long term relationships. DSAs are provided with variable incentives basis the disbursement to the end customer. The incentives are competitive and are designed to retention of relationship on a long term basis. If our relationships with these sourcing intermediaries and DSAs are discontinued or such arrangements are affected or modified, our ability to originate loans may be affected which may in turn adversely affect our business, prospects, financial condition and results of operations.

39. ***Changes in environmental, tax or other laws may lead to a decline in the sale of vehicles or value of vehicles as a collateral, which could adversely affect our business, results of operations and prospects.***

We are engaged in vehicle financing, and as of September 30, 2019, Loans to the Vehicle Finance segment represented 77.3% of our Company's total Loans as of such date. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of a particular segment of vehicles or impose additional taxes on any particular segment of vehicles, could lead to a decline in the sales of such vehicles and also in the value of such vehicles held as collateral. For example, in October 2018, the Supreme Court of India ruled that no motor vehicle confirming to the emission standard Bharat Stage IV shall be sold or registered in India with effect from April 1, 2020. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations, cash flows and prospects.

40. ***The success of our business operations is dependent on our senior management team and key management personnel as well as our ability to attract, train and retain such employees.***

The success of our business operations is attributable to our senior management team and key management personnel. We believe that the experience of our senior management team has enabled us to experience consistent growth and profitability as well as a robust liquidity and capital position. Our ability to sustain our growth depends upon our ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges and ensuring a high standard of customer service.

Hiring and retaining personnel qualified and experienced in credit-appraisal and asset valuation, in the vehicle finance sector and affordable housing segment, is particularly difficult. We also face attrition of our existing workforce as a result of increased competition or other factors relating to our businesses. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Any inability to attract and retain talented employees, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance and the price of our Equity Shares.

41. ***The loans provided to our customers in the Home Equity and Others – SME segment can be used for various purposes and we may not have any control over such use. This may result in a failure by customers to repay the loans in a timely manner or at all and this may have a material adverse effect on our business, its cash flows, results of operations and financial condition.***

As part of our Home Equity and Others – SME segment, we provide loans against property predominantly to self-employed non-professional customers who are engaged in business activity such as manufacturing, trading or services.

The purpose for which the loan is obtained by customers differs from customer to customer. We do not have any direct control over how a customer actually utilizes the loan, after receiving the loan. Although, our credit appraisal system conducts due diligence during our underwriting process and exercises caution in its lending, any use of loan proceeds for various purposes different from what was stated to us and which are outside our control, may impact the repayment capacity by the borrower under that loan. Any failure to repay such loan may have an adverse effect on our business, prospects, financial conditions and cash flows.

42. *Our business may be affected by seasonal trends in the Indian economy. Any significant event or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth.*

Our business operations and the non-banking financial services industry may be affected by seasonal trends in the Indian economy. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. We generally experience higher volumes of business during this period. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

43. *If we fail to integrate our artificial intelligence capabilities in our operations, it could adversely affect our business growth and results of operations.*

We are actively undertaking various initiatives to employ the use of artificial intelligence ("**AI**") in our operations, which we believe would help build predictive models across credit, sales, collections and risk functions. Nevertheless, we may face technical challenges that adversely affect our ability to integrate such AI capabilities in our operations. Further, we may face operational difficulties if our AI capabilities malfunction. Failure to develop and integrate AI capabilities into our operations could create operational difficulties and have an adverse effect on our business growth and results of operations.

44. *We may enter into related party transactions, and there can be no assurance that we will achieve more favourable terms if such transactions are not entered into with related parties.*

We may enter into transactions with related parties, including our directors and companies in the Murugappa group. We cannot assure you that we will be able to achieve more favourable terms for such transactions if they are entered into with parties that are not related parties. Furthermore, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. These transactions could also potentially involve conflicts of interest. For further information in relation to related party transactions, see "*Related Party Transactions*" on page 60.

45. *The grant of options in future under any employee stock option scheme by our Company will result in a charge to our profit and loss account and may adversely impact our net income.*

Our Company follows the fair value method under Ind AS for the accounting of employee compensation cost on options granted, pursuant to which, if the exercise price of any options granted by our Company was lower than the market price at the time of grant, it would result in a charge to our Company's profit and loss account. Under Ind AS, 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 reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. In addition to the effect on the profit and loss account, the exercise of vested stock options will dilute the interests of shareholders (as in the case of any issuance of Equity Shares). For further information on the ESOP 2016 and ESOP 2007, see "*Capital Structure – Employee Stock Option Scheme*" on page 96.

46. *We depend on our brand reputation and our failure to maintain our image could have a material adverse effect on our business, financial condition and results of operations.*

We believe that the reputation of our brand among our customers has contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our products is, therefore, critical to our business and competitiveness. Many factors, some of which are beyond our control, are important in maintaining and enhancing our product image. These factors include our ability to maintain the reliability and quality of the services we offer and increase product awareness through investment in brand building initiatives, including through education programs and marketing activities. A perception that we do not provide satisfactory products, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our products, undermine the trust and credibility that we have established and have a negative impact on our ability to attract new customers or retain our current customers.

Additionally, negative news related to the Promoter Group can impact the rating assigned to our Company. While we have a risk management framework to address such issues, we do not have any control over the occurrence of such incidents.

47. ***Some of the information disclosed in this Preliminary Placement Document is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may prove to be incorrect. Investors should not place undue reliance on, or base their investment decision on this information.***

The information disclosed in the section "*Industry Overview*" on page 141 is based on the report of ICRA titled "*Retail-NBFC Credit Trends*" dated October 2019, which has not been verified by us independently and we do not make any representation as to the accuracy of the information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

48. ***Our inability to detect money-laundering and other illegal activities fully and on a timely basis may expose us to additional liability and adversely affect our business and reputation.***

We are required to comply with applicable anti-money-laundering ("**AML**"), combatting terrorism financing and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed Know Your Customer ("**KYC**") procedures and detect fraud and money laundering by dishonest customers. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, we cannot assure you that we will be able to fully control instances of any potential or attempted violation. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

49. ***We are dependent on government institutions and agencies to register our collateral/ charge. Our inability to register the collateral for the loans we disburse or create a charge on the assets we finance could adversely affect our business and results of operations.***

As an investment and credit company, creation of charge on assets that we finance is critical for our operations. For vehicles that we finance, the Road Transport Authority ("**RTO**") is the institution we rely on. In a number of locations at RTOs across India, the processes are yet to be digitized. Similarly, in the Home Equity segment, we are dependent on the relevant sub-registrar's office to register the property and create a charge on the property. Processes at such sub-registrar's offices are manual and property documentation is yet to be digitized. Further, we are also required to register any charges created with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India. If customers whose vehicles and properties are yet to be registered, default on their obligations, we face a risk of loan losses and our business, financial condition, results of operations and cash flows could be adversely affected.

50. ***Natural disasters such as unforeseen floods, earthquakes, epidemics or other events which are beyond our control may cause disruption to our business and could materially and adversely affect our results of operations and growth.***

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in Fiscal 2015 and 2016, many parts of India received significantly less than normal rainfall, which significantly impacted the performance of the agricultural sector. An erratic monsoon season could also adversely affect sowing operations for certain crops and result in a decline in the growth rate of the agricultural sector. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and potentially causing the trading price of the Equity Shares to decrease. For instance, our operations were affected by the floods and heavy rainfall that occurred in past 12 – 18 months in the states of Kerala, Karnataka and Bihar resulting in an increase in our Stage III Assets. During periods where we are affected by such factors, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

51. *Political instability in India could adversely affect our business.*

India has witnessed local civil disturbances in recent years. For instance, our operations were most recently affected in the state of Assam due to protests against India's recently introduced citizenship laws which hampered our collection efforts in the region. It is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

52. *Given that we expect the Equity Shares will be treated as stock of a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes, U.S. holders may suffer various adverse U.S. tax consequences and interest charges.*

A non-U.S. corporation will be a PFIC if either (i) 75.0% or more of its gross income is passive income or (ii) 50.0% or more of the total value of its assets is attributable to assets, including cash that produce or are held for the production of passive income. Our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. Based on the current and expected composition of our Company's and the Subsidiaries income and assets, our Company expects that 75.0% or more of its gross income will constitute "passive income" and 50.0% or more of its gross assets will constitute "passive assets" for purposes of the PFIC rules. Since our Company does not believe that it can benefit from the exemption from the PFIC rules that is available for foreign banks, our Company expects that it will be treated as a PFIC in this and in subsequent years. As a consequence, U.S. holders will be subject to the complex PFIC rules, which could result in additional U.S. taxes and interest charges upon a sale or disposition of their Equity Shares or upon certain distributions by our Company. For further information, see "*Certain United States Federal Income Tax Considerations*" on page 224.

53. *Withholding obligations may be imposed on payments on the Equity Shares under the U.S. Foreign Account Tax Compliance Act.*

Certain U.S. tax provisions commonly referred to as FATCA may impose 30% withholding obligations on "foreign passthru payments" made by a "foreign financial institution" (an "**FFI**"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding obligations on foreign passthru payments would not be required with respect to payments made before the date that is two years after the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment". The United States has entered into an intergovernmental agreement with India (the "**IGA**"), which potentially modifies the FATCA withholding regime described above. Our Company believes that it may be subject to diligence, reporting and withholding obligations under the FATCA rules and the IGA. It is not yet clear how the IGA will address foreign passthru payments. Prospective investors in the Equity Shares should consult their tax advisors regarding the potential impact of FATCA, the IGA and any non-U.S. legislation implementing FATCA on their investment in the Equity Shares. For further information, see "*Certain United States Federal Income Tax Considerations*" on page 244.

RISKS RELATING TO INDIA

54. *Our entire revenue is derived from business in India and a slowdown in economic growth in India could cause our business to suffer.*

We derive revenue from our operations in India, accordingly, our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy's growth momentum moderated significantly in Fiscals 2018 and 2019 as compared to previous years. According to the Indian Central Statistics Organization, India's real GDP growth decreased from 8.2% in Fiscal 2017 to 7.2% in Fiscal 2018 and further decreased to 6.8% in Fiscal 2019. This slower rate of economic growth was primarily driven by a slowdown in consumer demand, the transitional impacts of the introduction of the Goods and Services Tax in 2017 and the lingering residual effects of demonetization in 2016. According to the Indian Central Statistics Organization, industrial sector growth slowed from 8.3% in Fiscal 2017 and 6.1% in Fiscal 2018 to 7.6% in Fiscal 2019. As per various sources, the Indian economy has slowed further in Fiscal 2020. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India.

55. ***Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of the Equity Shares.

Developments in the Eurozone, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the United States and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets. For example, following a national referendum in which a narrow majority of voters in the United Kingdom elected to withdraw from the European Union, the government of the United Kingdom formally initiated the process for withdrawal in March 2017. The terms of withdrawal were subject to a lengthy and complex negotiation between the United Kingdom and the European Union, with the United Kingdom expected to formally leave the European Union on January 31, 2020. The effect and timing of the transition period remain unclear, which may result in significant political and economic uncertainty about the future trading relationship between the United Kingdom and the European Union. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

Further, trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

56. ***It may not be possible for investors to enforce any judgment obtained outside India against us, the Placement Agents or any of their directors and executive officers in India respectively, except by way of a law suit in India.***

The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that the Company is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon the Company and any of these persons outside of India or to enforce outside of India, judgments obtained against the Company and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, Section 14 and Section 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree of any superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

57. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

In recent months, consumer and wholesale prices in India have exhibited subdued inflationary trends, as the result of a decrease in crude oil prices, lower international commodity prices, and lower domestic food prices. The Consumer Price Index declined from 4.5% (average) in Fiscal 2017, to 3.6% (average) in Fiscal 2018, and to 3.4% (average) in Fiscal 2019. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

58. *Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.*

Our Articles of Association and Indian law govern our corporate affairs. Indian legal principles related to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a company in another jurisdiction.

59. *Significant differences exist between Indian GAAP, Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.*

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Ind AS and Indian GAAP financial statements, which are included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

60. *Any downgrade of India's debt rating by an independent agency may adversely affect our ability to raise financing.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business, financial condition and the price of our Equity Shares.

61. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.*

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the proceeds received by Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years, in particular has significantly depreciated in the year 2018, and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

RISKS RELATING TO THE ISSUE AND THE EQUITY SHARES

62. *The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.*

The Issue Price of the Equity Shares will be determined by our Company in accordance with applicable prevailing regulations. This price will be determined on the basis of applicable law and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

63. *The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.*

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalisation, deregulation policies and procedures or programs applicable to our business, adverse media reports on our Company, volatility in the Indian and global securities market, performance of our competitors, the Indian real estate industry and the perception in the market about investments in the real estate industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

64. *Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Preliminary Placement Document.*

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Preliminary Placement Document. For further information, see "*Selling Restrictions*" on page 209. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further information, see "*Transfer Restrictions*" on page 216. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

65. *Our Promoters and Promoter Group have significant control over us and have the ability to direct our business and affairs; their interests may conflict with the interests of the shareholders.*

As on September 30, 2019, our Promoters and Promoter Group, beneficially held 52.94% of our issued and outstanding Equity Shares. The Promoters have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends, election of our officers and directors and change of control transactions. The Promoters' control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in the Company's best interest. The Promoters and members of the Promoter Group may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

66. *Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares.

67. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of our Equity Shares between non-residents and residents and issuances of shares to non-residents by our Company are freely permitted (subject to certain exceptions), subject to compliance with certain applicable pricing and reporting requirements. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

68. *The Equity Shares are subject to transfer restrictions.*

The Equity Shares that are being offered are not required to be registered under the U.S. Securities Act. Therefore, the Equity Shares may be transferred or resold only in a transaction registered under or exempted from the registration requirements of the U.S. Securities Act and in compliance with any other applicable securities laws. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of Allotment of the Equity Shares in the Issue, QIBs subscribing Equity Shares in the Issue may only sell their Equity Shares on BSE or NSE and may not enter into any off-market trading in respect of these Equity Shares. There is no assurance that the restriction will not have an impact on the price and liquidity of the Equity Shares.

69. *Investors to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid/ Issue Closing Date.*

In terms of the SEBI ICDR Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investor's demat account with the depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. The Company may complete the Allotment of the Equity Shares even if such events may limit the investors' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

70. *There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.*

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including, our financial results and the financial results of the companies in the businesses we operate in; the history of, and the prospects for, our business and the sectors in which we compete; the valuation of publicly traded companies that are engaged in business activities similar to us; and significant developments in India's economic liberalization and deregulation policies.

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. The Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects and may limit your ability to sell the Equity Shares.

71. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

The price of the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breaker is set by the stock exchanges based, amongst others, on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to, and do not, inform us of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

72. Investors will be subject to market risks until the Equity Shares credited to the investors' demat account are listed and permitted to trade.

Investors can start trading the Equity Shares Allotted to them only after they have been credited to an investors' demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when Equity Shares Allotted are listed and permitted to trade. Further, there can be no assurance that the Equity Shares Allotted to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

MARKET PRICE INFORMATION

The Equity Shares have been listed on the BSE since September 24, 1991 and on the NSE since May 15, 1996. As on the date of this Preliminary Placement Document, 781,876,105 Equity Shares have been subscribed and are fully paid-up.

As on January 24, 2020, the closing price of the Equity Shares on the BSE and the NSE was ₹323.95 and ₹323.80 per Equity Share, respectively. Because the Equity Shares are actively traded on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) BSE

The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the BSE on the dates on which such high and low prices were recorded and the total trading volumes for the years ended March 31, 2017, 2018 and 2019, and the nine months ended December 31, 2019:

BSE											
Year	**High**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total volume of Equity Shares traded on date of high**	**Low**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Volume of Equity Shares traded on date of low**	**Average price for the year**	**Total volume of Equity Shares traded in the Fiscal years/ Period ended**	
	(₹)(1)			**(₹ in Lakhs)**	**(₹)(1)**			**(₹ In Lakhs)**	**(₹)(1)**	**In number**	**(₹ In Lakhs)**
Nine months ended December 31, 2019	1,533.55	May 31, 2019	52,353	804.99	238.1	July 24, 2019	200,458	472.67	592.57	1,689,6774	58,525.75
2019	1,739.5	April 30, 2018	9,922	172.52	1,049.95	October 8, 2018	168,478	1,775.14	1,376.66	5,316,120	74,026.64
2018	1,480.35	March 15, 2018	14,146	209.82	970.9	April 3, 2017	7,720	75.00	1,199.8	9,108,604	1,07,414.77
2017	1,227.5	October 5, 2016	8,959	109.16	725.05	April 6, 2016	11,671	85.17	993.44	18,868,365	1,86,772.00

(Source: www.bseindia.com)

1. *High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*

(ii) NSE

The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the BSE on the dates on which such high and low prices were recorded and the total trading volumes for the years ended March 31, 2017, 2018 and 2019, and the nine months ended December 31, 2019:

NSE											
Year	**High**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Volume of Equity Shares traded on date of high**	**Low**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Volume of Equity Shares traded on date of low**	**Average price for the year**	**Total volume of Equity Shares traded in the Fiscal years/ Period ended**	
	(₹)(1)			**(₹ In Lakhs)**	**(₹)(1)**			**(₹ in Lakhs**	**(₹)(1)**	**In number**	**(₹ in Lakhs**
Nine months ended December 31, 2019	1,532.7	May 31, 2019	5,69,481	8,760.13	238.55	July 24, 2019	2,955,613	6,958.33	592.54	2,046,64546	7,74,163.48

2019	1,741.45	April 30, 2018	236,935	4,130.36	1,055.35	October 8, 2018	547,169	5,870.34	1,376.82	82,956,957	11,33,886.51
2018	1,479.2	March 15, 2018	164,727	2,438.79	973.1	April 3, 2017	241,635	2,353.98	1,200.61	64,489,515	7,74,411.58
2017	1,228.15	October 5, 2016	84,263	1,025.48	726.55	April 6, 2016	44,043	320.64	994.27	61,631,048	6,20,110.91

(Source: www.nseindia.com)

1. *High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*

(iii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

NSE											
Year	**High**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Volume of Equity Shares traded on date of high**	**Low**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Volume of Equity Shares traded on date of low**	**Average price for the year**	**Total volume of Equity Shares traded in the Month**	
	(₹)(1)			**(₹ In Lakhs)**	**(₹)(1)**			**(₹ in Lakhs)**	**(₹)(1)**	**In number**	**(₹ In Lakhs)**
July 2019	291.7	July 4, 2019	834,850	2,436.27	238.55	July 24, 2019	2,955,613	6,958.33	269.40	28,775,481	74,707.93
August 2019	273.2	August 7, 2019	2,424,461	6,601.41	249.15	August 22, 2019	1,254,602	3,199.22	264.97	27,867,759	74,093.91
September 2019	310.6	September 27, 2019	3,324,105	10,496.72	263.4	September 19, 2019	821,222	2,156.84	282.29	30,507,987	88,377.27
October 2019	307.1	October 30, 2019	1,612,084	4,895.65	270.60	October 16, 2019	1,695,268	4,655.73	290.56	26,627,296	77,316.13
November 2019	329.85	November 18, 2019	2,794,209	9,218.86	296.65	November 8, 2019	903,834	2,694.85	312.72	40,334,771	1,26,772.83
December 2019	316.5	December 13, 2019	2,118,338	6,681.13	300.45	December 6, 2019	1,225,732	3,685.22	305.61	26,064,595	79,769.01

(Source: www.nseindia.com)

1. *High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*

BSE											
Calendar Year	**High**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Volume of Equity Shares traded on date of high**	**Low**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Volume of Equity Shares traded on date of low**	**Average price for the year**	**Total volume of Equity Shares traded in the Month**	
	(₹)(1)			**(₹ In Lakhs)**	**(₹)(1)**			**(₹ in Lakhs)**	**(₹)(1)**	**In number**	**(₹ in Lakhs)**
July 2019	291.85	July 4, 2019	50,168	146.30	238.1	July 24, 2019	200,458	472.67	269.22	2,040,476	5,267.59
August 2019	273.65	August 26, 2019	170,207	459.74	249.55	August 22, 2019	45,280	115.25	265.05	2,292,148	6,107.01
September 2019	310.5	September 26, 2019	81,111	249.08	263.5	September 19, 2019	68,956	181.03	282.35	2,675,886	7,524.24
October 2019	307.05	October 30, 2019	43,284	131.57	270.7	October 16, 2019	73,736	201.70	290.51	1,638,406	4,756.87
November 2019	329.7	November 18, 2019	79,072	260.75	296.45	November 11, 2019	5,010	14.85	312.55	5,542,838	17,320.93
December 2019	316.35	December 13, 2019	50105	158.00	299.65	December 6, 2019	11,080	33.32	305.59	522,656	1,603.97

(Source: www.bseindia.com)

1. *High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*

(iv) The following table sets forth the market price on the Stock Exchanges on December 13, 2019, the first working day following the approval of our Board for the Issue:

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹Lakhs)**
314.00	318.70	311.35	316.50	2,118,338	6,681.13

(Source:www.nseindia.com)

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ Lakhs)**
317.85	318.60	311.65	316.35	50,105	158.00

(Source: www.bseindia.com)

USE OF PROCEEDS

The total gross proceeds from the Issue will be aggregating approximately to ₹[•] lakhs.

The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are expected to be approximately [●] lakhs (the "**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds of the Issue to augment the long-term resources for meeting funding requirements for our Company's business activities and general corporate purposes as per our Company's growth strategy and to improve the capital adequacy ratio as laid down by the RBI.

Subject to the review of our Audit Committee as required under the SEBI Listing Regulations and in accordance with the decision of our Board, our Company's management will have the flexibility in deploying the Net Proceeds. Pending utilisation of the Net Proceeds, our Company intends to invest the funds in creditworthy instruments, including money market, mutual funds, and deposits with banks and corporates or other securities. Such investments would be in accordance with the investment policies as approved by our Board from time to time and applicable laws.

Neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

Since, the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirement under the SEBI Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

CAPITALISATION STATEMENT

The following table sets forth our capitalization statement as at September 30, 2019 on a standalone basis derived from audited standalone financial statements of our Company as at and for the period ended September 30, 2019 and as adjusted for this Issue. This table should be read in conjunction with "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 61, 100 and 241, respectively.

Particulars	**(in ₹ Lakhs)**	
	As on September 30, 2019	**As Adjusted for the Issue***
BORROWINGS:*		
Debt securities	13,28,090	[●]
Borrowing (other than debt securities)	38,56,945	[●]
Subordinated liabilities	4,05,313	[●]
Total borrowings (A)	**55,90,348**	[●]
EQUITY:		
Equity share capital	15,644	[●]
Other equity	6,58,218	[●]
Total equity (B)	**6,73,862**	[●]
TOTAL CAPITALIZATION (A + B)	**62,64,210**	[●]

**As adjusted for the Issue column reflects changes in the total equity only on account of the proceeds from the Issue, i.e., fresh issue of [●] Equity Shares at a price of *₹[●] per Equity Share, including a premium of ₹[●] per Equity Share, resulting in an increase of ₹[●] lakhs in the equity share capital of our Company and an increase of ₹[●] lakhs in the securities premium account (included in the 'other equity'). Adjustments do not include Issue related expenses.*

Note: Below transactions have not been considered while updating the table above:

a) *Our Board has, pursuant to a resolution dated January 23, 2020, and subject to the approval of our Shareholders, approved an issue of equity shares by way of preferential issue to Cholamandalam Financial Holdings Limited, a promoter entity, up to an amount not exceeding ₹30,000 lakhs in one or more tranches at a price in accordance with Chapter V of the SEBI Regulations.*

b) *Our Company has issued unsecured, non-convertible, 10 year Rupee denominated debentures aggregating ₹40,000 lakhs to CDC Group Plc. on January 10, 2020.*

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Preliminary Placement Document is set forth below:

		Aggregate value at face value (in ₹ lakhs)
A	**AUTHORISED SHARE CAPITAL**	
	1,200,000,000 Equity Shares of ₹ 2 each	24,000
	50,000,000 Preference Shares of ₹ 100 each	50,000
	Total	**74,000**
B	**ISSUED CAPITAL BEFORE THE ISSUE**	
	782,559,875 Equity Shares of ₹ 2 each	1,56,51.19*
C	**SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	781,876,105 Equity Shares of ₹ 2 each	1,56,37.52*
D	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT(1)(3)**	
	Up to [●] Equity Shares aggregating up to ₹ [●]	[●]
E	**ISSUED CAPITAL AFTER THE ISSUE(1)**	
	[●] Equity Shares of ₹ 2 each fully paid up	[●]
F	**SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE(1)**	
	[●] Equity Shares of ₹ 2 each fully paid up	[●]
G	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue(2)	1,66,926.39
	After the Issue (3)(4)	[●]

Note:

* *The difference in the issued capital and the paid-up capital of our Company is due to forfeiture of certain shares and certain shares being kept in abeyance. Our Company submits reconciliation certificate certified by an independent company secretary with the stock exchanges on a periodical basis, in this regard.*

(1) *The Issue has been authorised and approved by our Board on December 12, 2019, and our Shareholders through special resolution dated January 13, 2020, passed by way of postal ballot.*

(2) *As on December 31, 2019*

(3) *To be determined upon finalization of the Issue Price.*

(4) *The securities premium amount after the Issue is calculated on the basis of gross proceeds from the Issue. Adjustments do not include issue related expenses.*

Equity Share Capital History of our Company

The following table sets forth details and history of allotments of equity shares made by our Company since its incorporation:

Date of Allotment	No. of equity shares Allotted	Cumulative No. of equity shares	Face Value (In ₹)	Issue price per equity share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
August 17, 1978	700	700	10.00	10.00	Initial subscription to the Memorandum of Association(1)	Cash
November 2, 1978	27,700	28,400	10.00	10.00	Preferential allotment	Cash
December 4, 1978	21,775	50,175	10.00	10.00	Preferential allotment	Cash
February 26, 1979	2,100	52,275	10.00	10.00	Preferential allotment	Cash
June 13, 1979	600	52,875	10.00	10.00	Preferential allotment	Cash
August 4, 1979	2,125	55,000	10.00	10.00	Preferential allotment	Cash
October 24, 1979	100	55,100	10.00	10.00	Preferential allotment	Cash
January 19, 1980	44,900	1,00,000	10.00	10.00	Preferential allotment	Cash
April 7, 1980	1,50,000	2,50,000	10.00	10.00	Issue of equity shares to various investors	Cash
October 27, 1982	1,35,856	3,85,856	10.00	10.00	Allotment pursuant to rights issue	Cash
January 26, 1983	1,13,444	4,99,300	10.00	10.00	Allotment pursuant to rights issue	Cash
August 8, 1985	4,99,300	9,98,600	10.00	10.00	Allotment pursuant to rights issue	Cash
July 16, 1986	1,400	10,00,000	10.00	10.00	Preferential allotment	Cash
September 18, 1986	4,54,428	14,54,428	10.00	10.00	Allotment pursuant to rights issue	Cash
September 25, 1986	1,20,030	15,74,458	10.00	10.00	Allotment pursuant to rights issue	Cash
January 15, 1987	25,542	16,00,000	10.00	10.00	Allotment pursuant to rights issue	Cash
December 26, 1990	8,00,000	24,00,000	10.00	N.A.	Allotment of bonus Equity Shares of face value of ₹10 each in the ratio of 1:2	N.A.
March 27, 1991	18,47,435	42,47,435	10.00	13.00	Allotment pursuant to rights issue	Cash
August 28, 1991	265	42,47,700	10.00	13.00	Allotment pursuant to rights issue	Cash

Date of Allotment	No. of equity shares Allotted	Cumulative No. of equity shares	Face Value (In ₹)	Issue price per equity share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
April 12, 1993	42,52,100	84,99,800	10.00	30.00	Allotment pursuant to rights issue	Cash
February 20, 1995	42,49,900	1,27,49,700	10.00	100.00	Initial public offering by our Company	Cash
March 8, 1995	42,49,425	1,69,99,125	10.00	55.00	Allotment pursuant to rights issue	Cash
October 30, 2001	(1,30,900)	1,68,68,225	10.00	N.A.	Forfeiture of partly paid up equity shares for non-payment of allotment money(2)	N.A.
May 14, 2003	84,30,808	2,52,99,033	10.00	35.00	Allotment pursuant to rights issue	Cash
May 18, 2004	1,26,47,443	3,79,46,476	10.00	55.00	Allotment pursuant to rights issue	Cash
November 6, 2007	1,42,29,929	5,21,76,405	10.00	140.00	Allotment pursuant to rights issue	Cash
September 10, 2008	1,42,29,929	6,64,06,334	10.00	95.00	Preferential allotment (conversion of warrants)	Cash
May 17, 2010	1,08,93,852	7,73,00,186	10.00	92.00	Preferential allotment	Cash
May 17, 2010	3,26,08,695	10,99,08,881	10.00	92.00	Preferential allotment (conversion of FCCPS)	Other than cash
October 12, 2010	93,75,000	11,92,83,881	10.00	160.00	Preferential allotment	Cash
April 11, 2011	2,012	11,92,85,893	10.00	105.00	Allotment pursuant to the ESOP Scheme 2007	Cash
April 11, 2011	1,640	11,92,87,533	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
May 17, 2011	1,476	11,92,89,009	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
August 27, 2011	2,788	11,92,91,797	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
October 20, 2011	2,624	11,92,94,421	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
January 24, 2012	4,674	11,92,99,095	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
March 16, 2012	1,32,55,454	13,25,54,549	10.00	160.00	Preferential allotment	Cash
April 24, 2012	2,000	13,25,56,549	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
July 17, 2012	1,433	13,25,57,982	10.00	105.00	Allotment pursuant to the ESOP Scheme 2007	Cash
November 14, 2012	8,586	13,25,66,568	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
January 2, 2013	3,000	13,25,69,568	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
January 2, 2013	3,484	13,25,73,052	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
January 2, 2013	2,000	13,25,75,052	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
January 25, 2013	2,192	13,25,77,244	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
January 25, 2013	4,182	13,25,81,426	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
January 25, 2013	1,05,26,315	14,31,07,741	10.00	285.00	Allotment to QIBs pursuant to a QIP	Cash
April 30, 2013	10,000	14,31,17,741	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
April 30, 2013	2,192	14,31,19,933	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 17, 2013	3,621	14,31,23,554	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
May 17, 2013	5,640	14,31,29,194	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 17, 2013	8,211	14,31,37,405	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
June 6, 2013	8,158	14,31,45,563	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 6, 2013	394	14,31,46,957	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
July 17, 2013	1,000	14,31,46,957	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
July 17, 2013	2,500	14,31,49,457	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
July 17, 2013	1,142	14,31,50,599	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2013	2,500	14,31,53,099	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2013	1,968	14,31,55,067	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
January 27, 2014	14,301	14,31,69,368	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
February 7, 2014	355	14,31,69,723	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
February 7, 2014	645	14,31,70,368	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
February 25, 2014	1,600	14,31,71,968	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
February 25, 2014	9,282	14,31,81,250	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
February 25, 2014	1,984	14,31,83,234	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 18, 2014	4,800	14,31,88,034	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
March 18, 2014	3,000	14,31,91,034	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
April 16, 2014	2,500	14,31,93,534	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
April 16, 2014	3,740	14,31,97,274	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 6, 2014	968	14,31,98,242	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
May 6, 2014	1,080	14,31,99,322	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 6, 2014	4,500	14,32,03,822	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
May 6, 2014	5,000	14,32,08,822	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
May 27, 2014	1,800	14,32,10,622	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
May 27, 2014	4,800	14,32,15,422	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 27, 2014	1,984	14,32,17,406	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
May 27, 2014	12,687	14,32,30,093	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
June 9, 2014	10,240	14,32,40,333	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 9, 2014	2,994	14,32,43,327	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
June 9, 2014	39,623	14,32,82,950	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
June 9, 2014	7,600	14,32,90,550	10.00	175.35	Allotment pursuant to the ESOP Scheme 2007	Cash
June 9, 2014	8,001	14,32,98,551	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 9, 2014	10,964	14,33,09,515	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash

Date of Allotment	No. of equity shares Allotted	Cumulative No. of equity shares	Face Value (In ₹)	Issue price per equity share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
June 19, 2014	28,631	14,33,38,146	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 19, 2014	14,246	14,33,52,392	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
June 19, 2014	17,493	14,33,69,885	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
June 19, 2014	8,794	14,33,78,679	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
July 8, 2014	1,968	14,33,80,647	10.00	37.70	Allotment pursuant to the ESOP Scheme 2007	Cash
July 8, 2014	45,239	14,34,25,886	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
July 8, 2014	1,984	14,34,27,870	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 1, 2014	2,000	14,34,29,870	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
August 1, 2014	12,144	14,34,42,014	10.00	262.20	Allotment pursuant to the ESOP Scheme 2007	Cash
August 1, 2014	10,764	14,34,52,778	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
August 1, 2014	32,034	14,34,84,812	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2014	27,564	14,35,12,376	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2014	6,690	14,35,19,066	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2014	6,948	14,35,26,014	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2014	4,000	14,35,30,014	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
September 16, 2014	1,984	14,35,31,998	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
September 16, 2014	11,328	14,35,43,326	10.00	175.35	Allotment pursuant to the ESOP Scheme 2007	Cash
September 16, 2014	6,210	14,35,49,536	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
September 16, 2014	6,000	14,35,55,536	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
October 10, 2014	1,984	14,35,57,520	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
October 10, 2014	7,620	14,35,65,140	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
October 10, 2014	3,000	14,35,68,140	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
October 10, 2014	1,500	14,35,69,640	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
November 6, 2014	2,000	14,35,71,640	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
November 6, 2014	2,286	14,35,73,926	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
November 6, 2014	6,636	14,35,80,562	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
December 3, 2014	2,700	14,35,83,262	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
December 3, 2014	10,508	14,35,93,770	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
December 3, 2014	15,004	14,36,08,774	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
December 23, 2014	2,840	14,36,11,614	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
December 23, 2014	1,718	14,36,13,332	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
December 23, 2014	2,544	14,36,15,876	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
February 16, 2015	25,407	14,36,41,283	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
February 16, 2015	5,952	14,36,47,235	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
February 16, 2015	8,568	14,36,55,803	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
March 13, 2015	7,112	14,36,62,915	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 13, 2015	4,288	14,36,67,203	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
March 13, 2015	2,000	14,36,69,203	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
April 8, 2015	6,405	14,36,75,608	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
April 8, 2015	17,610	14,36,93,218	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
April 8, 2015	13,945	14,37,07,163	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
April 29, 2015	4,550	14,37,11,713	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
April 29, 2015	15,011	14,37,26,724	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
April 29, 2015	500	14,37,27,224	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
April 29, 2015	4,735	14,37,31,959	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 22, 2015	7,448	14,37,39,407	10.00	175.35	Allotment pursuant to the ESOP Scheme 2007	Cash
May 22, 2015	5,513	14,37,44,920	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
June 12, 2015	2,350	14,37,47,270	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
June 19, 2015	184	14,37,47,454	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
June 19, 2015	4,960	14,37,52,414	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 20, 2015	11,073	14,37,63,487	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
August 20, 2015	4,407	14,37,67,894	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 20, 2015	2,856	14,37,70,750	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
August 20, 2015	2,284	14,37,73,034	10.00	105.00	Allotment pursuant to the ESOP Scheme 2007	Cash
August 20, 2015	1,527	14,37,74,561	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
August 20, 2015	4,064	14,37,78,625	10.00	262.20	Allotment pursuant to the ESOP Scheme 2007	Cash
September 2, 2015	1,22,85,012	15,60,63,637	10.00	407.00	Preferential allotment (conversion of FCCPS)	N.A.
September 21, 2015	2,500	15,60,66,137	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
September 21, 2015	8,252	15,60,74,389	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
September 21, 2015	18,174	15,60,92,563	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
September 21, 2015	3,168	15,60,95,731	10.00	175.35	Allotment pursuant to the ESOP Scheme 2007	Cash
September 21, 2015	8,192	15,61,03,923	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
October 29, 2015	3,348	15,61,07,271	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
December 22, 2015	1,000	15,61,08,271	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
December 22, 2015	,950	15,61,09,221	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash

Date of Allotment	No. of equity shares Allotted	Cumulative No. of equity shares	Face Value (In ₹)	Issue price per equity share (In ₹)	Reason for allotment	Consideration (Cash/other than cash)
January 27, 2016	3,699	15,61,12,920	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
January 27, 2016	4,900	15,61,17,820	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
February 29, 2016	6,854	15,61,24,674	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
February 29, 2016	500	15,61,25,174	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
February 29, 2016	10,281	15,61,35,455	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
March 30, 2016	3,048	15,61,38,503	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 30, 2016	906	15,61,39,409	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 30, 2016	1,142	15,61,40,551	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
March 30, 2016	5,093	15,61,45,644	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 10, 2016	1,340	15,61,46,984	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 10, 2016	750	15,61,47,734	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 1, 2016	4,544	15,61,52,278	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 1, 2016	1,688	15,61,53,966	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 1, 2016	2,070	15,61,56,036	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
June 1, 2016	3,039	15,61,59,075	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 1, 2016	7,847	15,61,66,922	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
June 30, 2016	5,252	15,61,72,174	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 30, 2016	10,216	15,61,82,390	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 30, 2016	2,000	15,61,84,390	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 30, 2016	5,724	15,61,90,114	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
July 28, 2016	2,552	15,61,92,666	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
July 28, 2016	5,480	15,61,98,146	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
July 28, 2016	12,954	15,62,11,100	10.00	262.20	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2016	10,876	15,62,21,976	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2016	7,116	15,62,29,092	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 26, 2016	6,824	15,62,35,916	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
September 16, 2016	12,900	15,62,48,816	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
September 16, 2016	6,324	15,62,55,140	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
November 3, 2016	2,292	15,62,57,432	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
November 3, 2016	2,129	15,62,59,561	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
November 25, 2016	1,842	15,62,61,403	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
November 25, 2016	2,710	15,62,64,113	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
November 25, 2016	1,216	15,62,65,329	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
January 11, 2017	532	15,62,65,861	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 2, 2017	5,609	15,62,71,470	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 2, 2017	3,213	15,62,74,683	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
March 2, 2017	2,850	15,62,77,533	10.00	105.00	Allotment pursuant to the ESOP Scheme 2007	Cash
April 7, 2017	3,428	15,62,80,961	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
April 7, 2017	3,777	15,62,84,738	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
April 7, 2017	3,056	15,62,87,794	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
May 18, 2017	659	15,62,88,453	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
May 18, 2017	1,713	15,62,90,166	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
May 18, 2017	2,287	15,62,92,453	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 4, 2017	1,124	15,62,93,577	10.00	178.70	Allotment pursuant to the ESOP Scheme 2007	Cash
August 4, 2017	3,048	15,62,96,625	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
September 14, 2017	500	15,62,97,125	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
September 14, 2017	3,499	15,63,00,624	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
October 13, 2017	1,000	15,63,01,624	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
January 9, 2018	2,380	15,63,04,004	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
January 9, 2018	1,000	15,63,05,004	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
January 9, 2018	550	15,63,05,554	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
Allotments in the one year immediately preceding this Preliminary Placement Document						
February 19, 2018	2,000	15,63,07,554	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
February 19, 2018	4,840	15,63,12,394	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
March 16, 2018	2,000	15,63,14,394	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
March 16, 2018	10,496	15,63,24,890	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
March 30, 2018	1,250	15,63,26,140	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
March 30, 2018	400	15,63,26,540	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
March 30, 2018	4,831	15,63,31,371	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
May 17, 2018	300	15,63,31,671	10.00	191.80	Allotment pursuant to the ESOP Scheme 2007	Cash
May 17, 2018	2,000	15,63,33,671	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 27, 2018	1,000	15,63,34,671	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
June 27, 2018	3,461	15,63,38,132	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
June 27, 2018	2,296	15,63,40,428	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
August 2, 2018	100	15,63,40,528	10.00	154.55	Allotment pursuant to the ESOP Scheme 2007	Cash

Date of Allotment	**No. of equity shares Allotted**	**Cumulative No. of equity shares**	**Face Value (In ₹)**	**Issue price per equity share (In ₹)**	**Reason for allotment**	**Consideration (Cash/other than cash)**
August 2, 2018	500	15,63,41,028	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
August 2, 2018	1,000	15,63,42,028	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
August 2, 2018	2,478	15,63,44,506	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
August 22, 2018	920	15,63,45,426	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
August 22, 2018	2,542	15,63,47,968	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
September 28, 2018	750	15,63,48,718	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
September 28, 2018	3,000	15,63,51,718	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
November 8, 2018	600	15,63,52,318	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
November 8, 2018	610	15,63,52,928	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
December 21, 2018	149	15,63,53,077	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
January 28, 2019	698	15,63,53,775	10.00	162.55	Allotment pursuant to the ESOP Scheme 2007	Cash
February 15, 2019	1,500	15,63,55,275	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
March 13, 2019	1,542	15,63,56,817	10.00	187.60	Allotment pursuant to the ESOP Scheme 2007	Cash
March 13, 2019	1,796	15,63,58,613	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
March 29, 2019	500	15,63,59,113	10.00	1010.00	Allotment pursuant to the ESOP Scheme 2016	Cash
June 17, 2019	0	78,17,95,565	2.00	N.A.	Sub-division of equity shares of face value of ₹10 each to Equity Shares of face value of 2 each(3)	N.A.
June 18, 2019	23,850	78,18,19,415	2.00	37.52	Allotment pursuant to the ESOP Scheme 2007	Cash
July 8, 2019	3,030	78,18,22,445	2.00	37.52	Allotment pursuant to the ESOP Scheme 2007	Cash
August 28, 2019	10,140	78,18,32,585	2.00	202.00	Allotment pursuant to the ESOP Scheme 2016	Cash
August 28, 2019	3,000	78,18,35,585	2.00	37.52	Allotment pursuant to the ESOP Scheme 2007	Cash
September 17, 2019	9,920	78,18,45,505	2.00	30.91	Allotment pursuant to the ESOP Scheme 2007	Cash
November 4, 2019	4,000	78,18,49,505	2.00	202.00	Allotment pursuant to the ESOP Scheme 2016	Cash
November 4, 2019	4,200	78,18,53,705	2.00	37.52	Allotment pursuant to the ESOP Scheme 2007	Cash
December 16, 2019	9,000	78,18,62,705	2.00	32.51	Allotment pursuant to the ESOP Scheme 2007	Cash
December 16, 2019	6,960	78,18,69,665	2.00	202.00	Allotment pursuant to the ESOP Scheme 2016	Cash
December 16, 2019	6,440	78,18,76,105	2.00	261.94	Allotment pursuant to the ESOP Scheme 2016	Cash

Note:

(1) A.M.M. Arunachalam, J.V. Somayajulu, A.R.Damodaran, M.V.Arunachalam, B.S.Badradri, C.D.Gopinath and M.A.Alagappan were allotted 150, 100, 100, 100, 50, 100 and 100 equity shares of face value ₹10 respectively, pursuant to subscription to the Memorandum of Association

(2) Forfeiture of 1,30,990 partly paid up equity shares for non-payment of allotment money

(3) Our Company has, pursuant to a Shareholders' resolution dated June 3, 2019, sub-divided its share capital by sub-dividing the face value of equity shares from ₹10 to ₹2 per Equity Share with effect from June 17, 2019 (being the record date)

Our Board has, pursuant to a resolution dated January 23, 2020, and subject to the approval of our Shareholders, approved an issue of equity shares by way of preferential issue to Cholamandalam Financial Holdings Limited, a promoter entity up to an amount not exceeding ₹30,000 lakhs in one or more tranches at a price in accordance with Chapter V of the SEBI Regulations.

Preference Share Capital of our Company

As of the date of this Preliminary Placement Document, there are no outstanding Preference Shares of our Company.

Employee Stock Option Scheme

The Nomination and Remuneration Committee of our Company implements the ESOP Scheme 2007 and the ESOP Scheme 2016 of our Company.

Our Company has instituted the following employee stock option plan:

A. Employee Stock Option Scheme, 2007

Our Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the then issued equity capital of our Company aggregating to 19,04,162 equity shares in a manner provided in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under section 81(1A) of the Companies Act, 1956. The shareholders of our Company pursuant to their special resolution passed in the annual general meeting of the Company on July 30, 2007, approved the issue of equity shares of our Company under one or more employee stock option scheme(s). Pursuant to the sub-division of equity shares on June 17, 2019 (being the record date), the aggregate number of equity shares which may be allotted under the ESOP Scheme 2007 is 1,55,115 Equity Shares.

The details of the options outstanding under the ESOP Scheme 2007, as of December 31, 2019, are as follows:

Details	**Number of Options**
Options Unvested	Nil

Details	Number of Options
Options Vested and Exercisable	1,02,115

B. Employee Stock Option Scheme, 2016

Our Board at its meeting held on October 27, 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 Scheme 2016. The shareholders of our Company pursuant to their special resolution passed through postal ballot on January 5, 2017 approved the issue of equity shares of our Company under one or more employee stock option scheme(s). Pursuant to the sub-division of equity shares on June 17, 2019, the aggregate number of equity shares which may be allotted under the ESOP Scheme 2016 increased to 156,25,510 Equity Shares.

The details of the options outstanding under the ESOP Scheme 2016, as of December 31, 2019, are as follows:

Details	Number of Options
Options Unvested	31,99,457
Options Vested and Exercisable	10,54,965

For details of the employee stock options held by our Directors and Key Managerial Personnel, see "*Board of Directors and Senior Management*" on page 182.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. For details of the names of the proposed Allottees, and the percentage of post-Issue capital that may be held by them, please see "*Details of Proposed Allottees*" on page 808.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company is set forth below.

Sr. No.	Category	Pre-Issue as of December 31, 2019^		Post-Issue*	
		Number of Equity Shares held	% of share holding	Number of Equity Shares held	% of share holding
A.	**Promoter's holding**				
1.	Indian				
	Individual	97,51,400	1.25	[●]	[●]
	Bodies corporate	40,41,38,430	51.69	[●]	[●]
	Sub-total	41,38,89,830	52.94	[●]	[●]
2.	Foreign	12,890	0.00	[●]	[●]
	Sub-total (A)	**41,39,02,720**	**52.94**	[●]	[●]
	Non - Promoter's holding				
3.	Institutional investors	29,26,50,154	37.43	[●]	[●]
4.	Non-institutional investors			[●]	[●]
a.	Private corporate bodies	1,23,27,693	1.58	[●]	[●]
b.	Directors and relatives	0	0	[●]	[●]
c.	Indian public	5,15,12,307	6.59	[●]	[●]
d.	Others including Non-resident Indians(NRIs)	1,14,83,231	1.47	[●]	[●]
	Sub-total (B)	**36,79,73,385**	**47.06**	[●]	[●]
	Total	**78,18,76,105**	**100.00**	[●]	[●]

^ *Based on beneficiary position data of our Company as on December 31, 2019*

* *Note: The details of the post-Issue shareholding pattern have been intentionally left blank and will be filled in before filing of the Placement Document with the Stock Exchange*

Other confirmations

Except as disclosed in "- *Equity Share Capital History of our Company*" on page 92, our Company has not allotted securities on a preferential basis or on a private placement basis or by way of rights issue in the last one year preceding the date of this Preliminary Placement Document.

Except as disclosed in “- *Equity Share Capital History of our Company*” on page 92, our Company has not made any allotments for consideration other than cash, in the last one year preceding the date of this Preliminary Placement Document.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the postal ballot notice to our Shareholders in respect of the special resolution dated January 13, 2020 approving the Issue, passed by way of postal ballot.

DIVIDENDS

Our Company has adopted dividend distribution policy effective from January 25, 2017. Our Board recommends the payment of dividend for approval of our Shareholders and the declaration of dividend is at the discretion of our Shareholders. Our Company has paid dividends regularly. These dividends are declared at the AGM held in each financial year. Our Board may also, from time to time, decide to pay interim dividends. The following table sets forth, for the periods indicated, the dividend per Equity Share and the total amount of dividends declared on the Equity Shares.

Fiscal	Face Value of Equity Share (In ₹)	Dividend per Equity Share (In ₹)	Total amount of dividend (In ₹ lakhs)	Dividend distribution tax (In ₹ lakhs)	Rate of dividend (%)
2019*	2	0.4	3,127	643	20%
	10	4.5	7,036	1,446	45%
2018	10	6.50	10,160	2,088	65%
2017	10	5.5	8,595	1,749	55%

**Our Company has, pursuant to a Shareholders' resolution dated June 3, 2019, sub-divided its share capital by sub-dividing the face value of equity shares from ₹10 to ₹2 per Equity Share with effect from June 17, 2019. For details, see "Capital Structure" on page 92*

Subject to applicable laws, the Company's dividend payout will be determined by the Board from time to time based on the available financial resources, investment requirements and other factors, including financial parameters/internal factors and external factors. Financial parameters/ internal factors include standalone/net operating profit after tax, operating cash flow of the Company for the year, liquidity position, aggregate debt of the Company (both standalone and consolidated), debt service coverage position, loan repayments, working capital requirements, capital expenditure requirements, cash flow required for meeting tax demands and other contingencies, etc. External factors include prevailing legal requirements, regulatory restrictions, dividend pay-out ratios of companies in the same industry, any other factors that have a significant influence/impact on the Company's working/ financial position of the Company.

As per the dividend distribution policy of the Company, circumstances under which Shareholders may not expect dividend include, significant cash flow requirements towards higher working capital requirements/ tax demands/ or others, adversely impacting free cash flows, impending/ ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital, etc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" for a discussion of certain factors that may affect our business, financial condition and results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, (i) the financial information for the nine months ended December 31, 2019 included herein is derived from the Ind AS unaudited standalone financial results for the nine months ended December 31, 2019; (ii) the financial information for the six months ended September 30, 2019 included herein is derived from the Ind AS audited interim standalone financial statements for the six months ended September 30, 2019; (iii) the financial information for Fiscal 2019 included herein is derived from the Ind AS audited standalone financial statements for Fiscal 2019; and (iv) the financial information for Fiscal 2018 and Fiscal 2017 included herein is derived from the Indian GAAP audited standalone financial statements for Fiscal 2018 and Fiscal 2017, respectively, included in this Preliminary Placement Document. Financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively. For further information, see " – Presentation of Financial Information" and "Financial Statements" on pages 101 and 241, respectively.

Our Company was required to prepare standalone and consolidated financial statements in accordance with Ind AS for Fiscal 2019 (together with the corresponding standalone and consolidated financial statements under Ind AS for Fiscal 2018). Our historical standalone and consolidated financial statements for Fiscal 2017 and for Fiscal 2018 were originally prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2018, Fiscal 2019, and that for the six months ended September 30, 2019 or our Ind AS financial results for the nine months ended December 31, 2019 is not comparable with our historical Indian GAAP financial statements for Fiscal 2017 and Fiscal 2018. Our Ind AS financial statements for Fiscal 2019, also includes reconciliation statements of the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. For further information, see "Risk Factors –We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2018. Our audited standalone and consolidated financial statements for Fiscal 2019, audited interim standalone and consolidated financial statements for the six months ended September 30, 2019 and the unaudited standalone and consolidated financial results for the nine months ended December 31, 2019 are not comparable with the historical Indian GAAP financial statements for Fiscal 2017 and Fiscal 2018 included in this Preliminary Placement Document." on page 65.

In this section, unless the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers Cholamandalam Investment and Finance Company Limited.

OVERVIEW

We are a non-banking finance company, incorporated in 1978 as the financial services arm of the Murugappa group, which has more than 119 years of existence. We commenced business as an equipment financing company and have since expanded our operations to offer vehicle finance, home equity loans, home loans and loans to small and medium-sized enterprises ("SMEs"). We also offer stock broking and a variety of other financial services to customers through our Subsidiaries.

Our customers include first-time buyers of vehicles and homes, self-employed and non-professional individuals, small and medium entrepreneurs and customers with informal income and limited banking and credit history. As of September 30, 2019, we had 10.5 lakh active customers across India. We are diversified in terms of the products we offer, the geographies within India where we operate and the customers we serve. We have a pan-India branch network that forms an integral part of our ability to serve our customers. As of September 30, 2019, we had 1,029 branches across 28 States and Union Territories in India.

We have been able to leverage our knowledge and experience in the vehicle finance industry coupled with our relationships with OEMs and dealers to grow our operations and expand our operating network. Our focus on technology and use of data analytics has allowed us to drive and digitize our operations, improve efficiency, reduce manpower and turnaround time. We believe that our track record of financial performance across our businesses, prudent risk management practices and strong credit ratings are key factors that have resulted in our growth over the years. In addition, being a part of the Murugappa group we have been able to derive significant synergies by leveraging their brand and existing customer base.

Our principal business segments include:

Vehicle Finance. We are focused on financing and refinancing vehicles, particularly light commercial vehicles ("**LCVs**"), small commercial vehicles ("**SCVs**") and used commercial vehicles. In recent years, we have increased our focus on financing of two-wheelers, three-wheelers, tractors, cars, multi-utility vehicles ("**MUVs**") and used passenger vehicles. We also finance heavy commercial vehicles ("**HCVs**") and construction equipment. As of September 30, 2019, Loans in the Vehicle Finance segment accounted for 77.3% of our total Loans while in the six months ended September 30, 2019, disbursements in this segment accounted for 79.8% of our total disbursements. We also have arrangements with OEMs as 'preferred financiers' to provide financing for their vehicles, and work with their dealer networks to provide our vehicle finance products to their customer base.

Home Equity. We offer secured loans against property, with a focus on self-occupied residential property, to self-employed (non-salaried) and non-professional customers engaged in small and medium-scale industries, service providers and traders. As of September 30, 2019, Loans in the Home Equity segment accounted for 18.5% of our total Loans while in the six months ended September 30, 2019, disbursements in this segment accounted for 13.6% of our total disbursements.

Others. Within the Others segment we primarily offer:

(i) Loans for Affordable Housing – We currently offer affordable home loans to self-employed and non-professionals seeking to buy and/ or construct new homes. Our Subsidiary, Cholamandalam Home Finance Limited had initially applied to the National Housing Bank, which is now pending with the RBI, for a license to operate as a housing finance company in June 2018 and will focus on providing financing to customers for affordable housing projects.

(ii) SME Loans – We primarily offer loans to SMEs that are secured by asset classes such as current assets and tangible security.

As of September 30, 2019, Loans in the Others segment accounted for 4.1% of our total Loans while in the six months ended September 30, 2019, disbursements in this segment accounted for 6.6% of our total disbursements.

We have, over the years been recognized for our products and excellence in operations by numerous awards including "Rising Star of the Year 2018 – 2019" at the India CX Awards, three time winner of the "Commercial Vehicle Financier of the Year" at the Mahindra Transport Excellence Awards in 2015, 2016 and 2018, CII Industrial Innovation Awards 2017 for "Top 26 Most Innovative Company" and "Best Corporate in Medium Category" in the 2nd ICSI CSR Excellence Awards in 2017.

The following table sets forth certain information relating to our operations and financial performance as of and for the periods specified:

(₹ lakhs, except ratios and percentages)

	As of / For the year ended March 31, 2018	**As of / For the year ended March 31, 2019**	**As of / For the six months ended September 30, 2019**
Loans			
- Vehicle Finance	31,47,282	40,60,588	43,07,127
- Home Equity	9,42,432	9,95,439	10,33,054
- Others	1,35,608	2,06,200	2,29,881
Total Loans	**42,25,323**	**52,62,227**	**55,70,061**
Closing Assets (Balance Sheet)#	42,95,741	55,88,921	60,80,376
Operating Expense	1,11,526	1,26,955	75,162
Net Income Margin	7.5%	6.9%	6.7%
Expense Ratio (%)	3.0%	2.6%	2.6%
Loan Losses (%)	0.8%	0.6%	0.7%
Return on Total Assets – PBT(%)	3.7%	3.7%	3.4%
Return on Total Assets – PAT(%)	2.5%	2.4%	2.1%
Gross Stage III Assets	3.4%	2.7%	3.2%
Stage III Assets (Net)	2.2%	1.7%	2.1%
Provision Coverage Ratio	34.2%	38.0%	34.4%
Tier I Capital	5,03,732	6,13,435	6,79,410
CRAR	18.2%	17.4%	17.1%

 # For a computation of Closing Assets (Balance Sheet) see page 41 in the section titled "Selected Statistical Information".

RECENT DEVELOPMENTS

Pursuant to a meeting of our Board of Directors on January 23, 2020, we have adopted and filed with the Stock Exchanges on January 23, 2020, the unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019, which were subjected to a limited review by our statutory auditors. For further information, see " – *Discussion and Analysis of Results of Operations of the Unaudited Standalone December Financial Results*" below and "*Financial Statement*" in this Preliminary Placement Document.

PRESENTATION OF FINANCIAL INFORMATION

Transition from Indian GAAP to Ind AS Financial Statements

Prior to April 1, 2018, we prepared our financial statements in accordance with Indian GAAP. Therefore, our audited financial statements as of and for the years ended March 31, 2018 and 2017 were prepared under Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 ("IAS Rules"), as amended, enacted the Ind AS, which converge with IFRS (with certain differences). The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with Ind AS. The Ministry of Corporate Affairs ("MCA") vide its notification dated March 30, 2016, mandated NBFCs having net worth of ₹ 50,000 lakhs or more to comply with the Ind AS in preparation of their financial statements for the accounting periods beginning on or after April 1, 2018 with effective transition date of April 1, 2017. Further, the MCA amended Schedule III to the Companies Act, which also introduced a new division - 'Division III' financial statement format for NBFCs with effect from October 11, 2018. Accordingly, our financial statements as of and for the year ended March 31, 2019 were prepared and presented in accordance with Ind AS and Division III of Schedule III to the Companies Act, 2013. We applied Ind AS 101 "First time adoption of Indian Accounting Standards", for transition from Indian GAAP to Ind AS. In accordance with Ind AS 101, the financial statements as of and for the year ended March 31, 2019 included comparative figures as of and for the year ended March 31, 2018 and opening balance sheet as of April 1, 2017 in accordance with Ind AS. Our Ind AS financial statements for Fiscal 2019 also includes reconciliation statements of the Ind AS financial statements for Fiscal 2018 with our historical Indian GAAP financial statements for Fiscal 2018 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements prepared in accordance with Ind AS 101, for further information, see note 48 to the audited financial statements for Fiscal 2019 in "*Financial Statements*" on page 241.

Ind AS varies in many respects from Indian GAAP, and accordingly our Ind AS financial statements for Fiscal 2018, Fiscal 2019, and that for the six months ended September 30, 2019 and financial results the quarter and nine months ended December 31, 2019 are not comparable with our historical Indian GAAP financial statements for Fiscal 2017 and Fiscal 2018.

In this Preliminary Placement Document we have included: (i) the Indian GAAP audited standalone and consolidated financial statements for Fiscal 2017 and Fiscal 2018; (ii) the Ind AS audited standalone and consolidated financial statements for Fiscal 2019 (which includes the comparative Ind AS standalone and consolidated financial figures for Fiscal 2018, respectively); (iii) the Ind AS audited standalone and consolidated interim financial statements for the six months ended September 30, 2019 (which include the comparative unaudited standalone and consolidated financial figures for the six months ended September 30, 2018, respectively); (iv) the Ind AS unaudited standalone interim financial results for the quarter and nine months ended December 31, 2019 (which include the comparative unaudited standalone interim financial results for the quarter and nine months ended December 31, 2018, respectively, which were subjected to limited review); and (v) the Ind AS unaudited consolidated interim financial results for the quarter and nine months ended December 31, 2019 (which include the comparative unaudited consolidated interim financial results for the quarter and nine months ended December 31, 2018, respectively). Our Ind AS audited standalone and consolidated financial statements for Fiscal 2019 also include the reconciliation statements of the Ind AS financial figures for Fiscal 2018 with our historical Indian GAAP financial statements for Fiscal 2018 explaining the impact of transition to Ind AS on the preparation and presentation of our financial statements.

Pursuant to a meeting of our Board of Directors on January 23, 2020, we have adopted and filed with the Stock Exchanges, the unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 in accordance with the provisions of Regulation 33 of the SEBI Listing Regulations. The notes to unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 also states that the comparative information for the consolidated financial results for the quarter and nine months ended December 31, 2018 has been prepared and certified by the management and not been subjected to limited review.

Almost all of our business operations are carried on at our Company and our two subsidiaries have very limited operations. Cholamandalam Securities Limited, which is engaged in providing wealth management and stock broking services has very limited operations while Cholamandalam Home Finance Limited, which has applied housing finance license from National Housing Bank, is yet to commence business operations. In Fiscal 2019, our standalone total income, profit before tax and total assets represented 98.4%, 99.5%, and 99.9%, respectively, of our consolidated total income, profit before tax and total assets, while in the six months ended September 30, 2019 our standalone total income, profit before tax and total assets represented 99.3%, 99.8%, and 99.9%, respectively, of our consolidated total income, profit before tax and total assets.

In this Preliminary Placement Document we have included a discussion and analysis of our financial performance as follows: (i) our Ind AS standalone interim financial statements for the six months ended September 30, 2019 compared with our Ind AS financial figures for the six months ended September 30, 2018; (iii) our Ind AS standalone financial statements for Fiscal 2019 compared with our comparative standalone financial figures for Fiscal 2018 prepared under Ind AS; and (iv) our Indian GAAP standalone financial statements for Fiscal 2018 compared with our Indian GAAP standalone financial statements for Fiscal 2017. In addition, we have also included a brief discussion on our Ind AS standalone interim financial results for the nine months ended December 31, 2019 compared with our Ind AS standalone interim financial results for the nine months ended December 31, 2018. Further, in addition to discussing the financial statements/ results, we have also compared financial information underlying such financial statement/ results for the relevant periods mentioned above, as applicable.

Further, the notes to the Ind AS standalone and consolidated financial results for quarter and the six months ended September 30, 2019 states that the standalone financial results for the quarter and six months ended September 30, 2018 were reviewed by statutory auditors except for the standalone cash flow statement for the period April 01, 2018 to September 30, 2018, which has not been subjected to audit or limited review and has been prepared and certified by the Company.

Investors are therefore cautioned against placing undue reliance on such information while making their investment decision.

Our Indian GAAP standalone and consolidated financial statements for Fiscal 2017 have been audited by Deloitte Haskins & Sells, Chartered Accountants, our previous statutory auditor. Our standalone and consolidated financial statements for Fiscal 2018 and Fiscal 2019 and interim standalone and consolidated financial statements for the six months ended September 30, 2019 have been audited by S.R. Batliboi & Associates LLP, Chartered Accountants, our current statutory auditor. Further, our unaudited interim standalone financial statements for the six months ended September 30, 2018 and our unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 and 2018 have also been subjected to a limited review by S.R. Batliboi & Associates LLP, Chartered Accountants.

In accordance with the requirements prescribed by the RBI, we are required to compute and maintain our ALM and CRAR on an ongoing basis. Pursuant to adoption of Ind AS by NBFCs, the RBI is yet to provide clarification on the basis/ manner of computation of certain regulatory disclosures, including ALM and CRAR, as per the extant regulations which require presentation of various information in the notes to our Company's financial statements. Pending clarification from RBI, our Company has prepared the disclosures by making material/ significant adjustments necessary to the Ind AS standalone financial statements for Fiscal 2019 to comply with the requirements of the Master Directions for Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, including framework on prudential norms, related circulars and clarifications issued by the RBI from time to time, interpretations thereon and relevant policies followed by our Company ("**Regulatory GAAP**"). Therefore, while our financial statements are prepared on the basis of Ind AS, in the absence of necessary guidance under Ind AS in relation to the computation of ALM or CRAR, we continue to compute our ALM and CRAR, as indicated above, on the basis of Regulatory GAAP. Accordingly, ALM and CRAR information included in this Preliminary Placement Document, to the extent they relate to fiscal periods for which we have prepared Ind AS financial statements, may not be directly comparable to or derivable from such Ind AS financial statements included herein.

Further, we have included in this Preliminary Placement Document certain additional non-GAAP information relating to our Vehicle Finance and Home Equity segments. In order to reflect our Company's financial performance without taking into account derecognition of assignment transactions and other requirements under Ind AS that results in the volatility of our financial results, requirements specified above, our Company also presents the profit and loss statement for the Vehicle Finance and Home Equity segments including the off-balance sheet assets and recognizing the income generated from such assets in the relevant period in which it is earned and eliminating the upfront gain recognized on assignment transactions accounted under Ind AS norms. The presentation of such information differs from the manner in which such information is required to be presented under Ind AS. Accordingly, such information is not comparable with information prepared under Ind AS. For further information, see "*Selected Statistical Information - Additional Statistical Information of our Company as of and for the Six Months Ended September 30, 2018 and September 30, 2019*" on page 57 and "*Risk Factors – We have in this Preliminary Placement Document included certain financial information in relation to our Vehicle Finance and Home Equity segments that is prepared by our management based on various assumptions and estimates and such information differs from the manner in which such information would otherwise be prepared under Ind AS.*" on page 69.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Availability of cost-effective funding sources

The availability of cost-effective funding sources affects our results of operations. Our total outstanding borrowings (which represents the sum of debt securities, borrowings other than debt securities and subordinated liabilities) were ₹ 55,90,348 lakhs as of September 30, 2019. Our funding sources are varied which enables us to maintain a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. Term loans from banks were our primary source of financing between Fiscal 2017 and Fiscal 2019 and in the six months ended September 30, 2019. Over the years, we have diversified our funding sources. Funding from redeemable non-convertible debenture medium term and subordinated liabilities represented 21.2% of our total borrowings as of September 30, 2019.

We believe that we have been able to maintain a relatively stable cost of borrowing as a result of our effective fund raising and treasury management. We have also securitized some of our future receivables and sold a part of our loan portfolio to augment our capital adequacy and liquidity position.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. For instance, the liquidity crisis in the recent past impacted the credit flow to NBFCs which impacted the overall credit growth. In the first five months of Fiscal 2019, bank credit to NBFCs declined from the peak levels experienced in March 2018. Bank funding to NBFCs increased steadily until December 2018 as the entities faced commercial papers redemptions and limited commercial papers rollovers/ issuances. Bank credit to NBFCs, however, continued to grow in February and March 2019 with a significant increase in March 2019, a trend which has been experienced in the past. The bank credit to NBFCs continued to grow at a steady rate than the overall banking sector credit, though anecdotal evidence indicated that a significant portion of the bank credit was provided to the better-rated/ parent-backed or Government-owned/ controlled NBFCs (*Source: ICRA Report*). Internal factors that affect our cost of funds include credit ratings and available credit limits. As of March 31, 2018 and 2019 and as of September 30, 2019, our borrowings (other than debt securities) were ₹ 20,16,635 lakhs, ₹ 32,12,375 lakhs and ₹ 38,56,945 lakhs, respectively. Any increase in our cost of funds may require us to increase interest rates on new loans originated to customers in the future to maintain our net interest margin.

Any changes in the regulatory environment in relation to the ability of banks to provide funding to NBFCs will also have an impact on our sources of funding. For instance, pursuant to the Master Circular on 'Bank Finance to Non- Banking Financial Companies' dated July 1, 2015, issued by the RBI (the "Bank Finance Circular") certain NBFC activities are ineligible for financing by bank credit, including, *inter alia*, (i) certain types of discounting and rediscounting of bills (except for rediscounting of bills discounted by NBFCs arising from the sale of commercial vehicles, two-wheelers and three-wheelers, subject to certain conditions); (ii) loans and advances by NBFCs to their subsidiaries and group companies; (iii) lending by NBFCs to individuals for subscribing to initial public offerings and purchasing shares from the secondary market; (iv) unsecured loans, inter-corporate deposits by the NBFCs to/in any company or (v) investments of NBFCs by way of shares and debentures, except need-based credit to stock broking companies against shares and debentures held by them as stock-in-trade. Additionally, the Bank Finance Circular prohibits banks from (i) granting bridge loans of any nature; (ii) providing interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs; (iii) accepting shares and debentures as collateral for secured loans granted to NBFCs; and (iv) executing guarantees covering intercompany deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees are not to be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

Borrowing and lending rates volatility

Our results of operations are significantly dependent upon the level of our interest income. Interest income is the largest component of our total revenues, and represented 95.6%, 93.9% and 93.5% of our total income in Fiscal 2018, 2019 and in the six months ended September 30, 2019, respectively. Finance Costs represents a significant majority of our expenses and in Fiscal 2018, 2019 and in the six months ended September 30, 2019, finance costs represented 48.5%, 51.3% and 53.6%, respectively of our total income. Our finance costs increased by 35.0% from ₹ 2,65,933 lakhs in Fiscal 2018 to ₹ 3,58,874 lakhs in Fiscal 2019 and was ₹ 2,26,393 lakhs in the six months ended September 30, 2019. Our interest income is affected by our interest expense, which, in turn, is dependent on our borrowings and associated interest rates. In addition, Net Income Margin is an important parameter across our business. For further information on our Net Income Margins, Cost of Funds, Expense Ratio, and Loan Losses, see "*Selected Statistical Information*" on page 40. Any adverse change to Net Income Margins, Cost of Funds, Expense Ratio, and Loan Losses will have a significant impact on our results of operations.

Our Cost of Funds depends on various external factors, including Indian and global credit markets and, in particular, interest rate movements and adequate liquidity in the debt markets. Internal factors that may impact our cost of borrowing include changes in our credit ratings, available credit limits and access to the securitization market. Changes in RBI repo rates could affect the interest rates paid on interest-bearing liabilities in various ways, particularly for our Housing Finance segment. Adverse conditions in the global and Indian economy resulting from economic dislocations, liquidity disruptions or market perception of NBFCs in general may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates. Interest rates have a substantial effect on our cost of funding, our business volume and our profit margin. Declining interest rates also may lead to a greater demand for additional borrowings as business owners seek to take advantage of lower interest rates, resulting in an increase in volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a decrease in volume of financing business. In a rising interest rate scenario, our profit margin is therefore primarily dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. If we are not successful in increasing the volume of our business in such a scenario, our profit margin may deteriorate. In addition, changes in interest rates also affect the interest rates we pay on our interest-bearing liabilities. As there are varying maturity periods applicable to our interest-bearing assets and interest-bearing liabilities, a change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our Net Income Margins.

Credit quality, provisions and write-offs

Our NPA level is a function of our credit quality, which is further dependent upon our recovery mechanisms and credit appraisal processes. The credit quality of our loans directly affects our results of operations, as the quality of our loan portfolio determines our ability to reduce the risk of losses from loan impairment. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver to our results of operations. We maintain credit quality based on verification of risk profile of borrower, source of repayment and the underlying collateral. In accordance with our accounting policies, we are required to measure expected credit losses on our loan portfolio.

Our 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 expected credit loss ("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"). 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. We have 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, we categorize assets into Stage I, Stage II and Stage III, as described below:

Stage I Assets: When loans are first recognised, we recognize an allowance based on 12mECLs. Stage I loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage II.

Stage II Assets: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage II loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage III.

Stage III Assets: Loans considered credit-impaired. We record an allowance for the LTECLs.

The table below set forth details of our gross Stage III assets, net Stage III assets and provisioning coverage ratio as of the dates indicates under Ind AS:

Asset Classification	**As of September 30,**		**As of March 31,**	
	2018	**2019**	**2018**	**2019**
	(₹ lakhs, except percentages)			
Gross Loan Assets	47,71,571	56,71,013	43,11,582	53,55,298
Less: Provision	91,307	1,00,952	86,259	93,071
Net Loan Assets	46,80,265	55,70,061	42,25,323	52,62,227
Gross Loan Assets - Stage I and Stage II **(A)**	46,09,266	54,90,716	41,63,119	52,11,447
Less: Provision **(B)**	34,756	38,873	35,557	38,430
Net Loan Assets – Stage I and Stage II **[(A) – (B)]**	45,74,511	54,51,843	41,27,562	51,73,017
Coverage Ratio Stage I and Stage II **[(C) = (B) /(A)]**	0.8%	0.7%	0.9%	0.7%
Gross Loan Assets – Stage III **(D)**	1,62,305	1,80,297	1,48,464	1,43,851
Less: Provision **(E)**	56,551	62,079	50,702	54,641
Net Loan Assets – Stage III **[(D) - (E)]**	1,05,754	1,18,218	97762	89,210
Provision Coverage Ratio for Stage III [**(F) = (E) / (D)**]	34.8%	34.4%	34.2%	38.0%
Overall Coverage Ratio **[((B) + (E)) / ((A) + (D))]**	1.9%	1.8%	2.0%	1.7%

Various factors, such as a deterioration in macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates), regulatory hurdles and competition, as well as customer specific factors, such as wilful default and mismanagement of a customer's operations, may cause a further increase in the level of NPAs/Stage III assets and have an adverse impact on the quality of our loan portfolio. If our NPAs/Stage III assets increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and would adversely affect our financial condition.

Macroeconomic environment in India

Our financial performance is dependent on the overall economic condition in India, including the GDP growth rate, the economic cycle and the condition of the securities markets. Our financial results are influenced by macroeconomic factors relating to growth of the Indian economy in general and the financial services industry in particular.

The Indian economy's growth momentum moderated significantly in Fiscals 2018 and Fiscal 2019 as compared to previous years. According to the Indian Central Statistics Organization, India's real GDP growth decreased from 8.2% in Fiscal 2017 to 7.2% in Fiscal 2018 and 6.8% in Fiscal 2019. This slower rate of economic growth was primarily driven by a slowdown in consumer demand, the transitional impacts of the introduction of the Goods and Services Tax in 2017 and the residual effects of demonetization in 2016. According to the Indian Central Statistics Organization, agricultural growth slowed from 6.3% in Fiscal 2017 and 5.0% in Fiscal 2018 to 2.9% in Fiscal 2019. Further, slowdown in automobile sales in general has led to a sharp reduction in demand for carriers (*Source: ICRA Report*). Industrial sector growth slowed from 8.3% in Fiscal 2017 and 6.1% in Fiscal 2018 to 7.6% in Fiscal 2019. The growth in the services sector reduced from 8.1% in Fiscal 2017 and 7.8% in Fiscal 2018 to 8.0% in Fiscal 2019. The Indian economy has slowed further in Fiscal 2020, and real GDP growth for Fiscal 2020 has been revised downwards from 6.9% in the third bi-monthly monetary policy statement of the RBI to a range of 6.1% to 5.3% in the second quarter of Fiscal 2020 and in the range of 6.6% to 7.2% for the first half of Fiscal 2020 with risks evenly balanced. GDP growth for the first quarter of Fiscal 2021 has also been revised downwards to 7.2%.

The Government's monetary policy is heavily influenced by the condition of the Indian economy, the prevailing interest rates, and changes in the monetary policy affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting monetary policy. If general economic conditions in India deteriorate or are not in line with our expectations, if our business operations are impacted in a manner that vary from our expectations, or if favorable trends in the financial services industry in India slow down or are reversed, our financial condition and results of operations may be materially impacted.

Geographic reach and ability to deliver new products in different geographies

Over the years, the growth in our AUM has been driven by the expansion of our operational network. We have a widespread branch network across 28 States and Union Territories in India that forms an integral part of our ability to service a wide and diverse base of customers. Our branch network has grown from 709 branches as of March 31, 2017 to 911 branches as of March 31, 2019 and we had 1,029 branches as of September 30, 2019. We also operate through our DSAs in our Home Equity segment and as of September 30, 2019, we had 550 DSAs allowing us access to a wider range of customers.

For our Vehicle Finance segment, we have entered into arrangements with various OEMs and dealers to provide financing for their vehicles, and work closely with their dealer networks to provide our vehicle finance products to their customer base. Our ability to maintain and expand our operational network in a cost effective and efficient manner, and our ability to serve as a preferred finance provider to a number of motor vehicle OEMs and their dealers will continue to have a direct impact on our results of operations and financial condition.

The diversification of our product portfolio is key to the growth of our business and operations. In addition, we look to expand our product offerings and services across newer geographies within India. To the extent that our diversification strategies are successful, it may help us mitigate various risks associated with concentration, particularly wide-ranging fluctuations in our revenue stream due to singular factors connected with limited business lines.

Government policy and regulatory framework

We operate in a highly regulated industry and have to adhere to various laws, rules and regulations. Any changes in the regulatory environment under which we operate could adversely affect our results of operations and financial condition. Our results of operations and continued growth depend on stable government policies and regulation. Our Company is classified as an NBFC and it will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, income recognition and NPA provisioning norms, priority sector and other lending stipulations and other operational restrictions. For instance, pursuant to the RBI circular on 'Qualifying Assets Criteria – Review of Limits' dated November 8, 2019, the RBI, increased the (i) household income limits for borrowers of NBFC-MFIs from the current level of ₹ 1,00,000 for rural areas and ₹ 1,60,000 for urban/semi urban areas to ₹ 1,25,000 and ₹ 2,00,000 respectively; and (ii) total indebtedness of the borrower, from ₹ 1,00,000 to ₹ 125,000. In light of the revision to the limit on total indebtedness, the limits on disbursal of loans have been raised from ₹ 60,000 for the first cycle and ₹ 1,00,000 for the subsequent cycles to ₹ 75,000 and ₹ 1,25,000 respectively. Further, pursuant to the RBI Circular on External Commercial Borrowings (ECB) Policy - New ECB Framework dated January 16, 2019 ("ECB Framework"), NBFCs are eligible to borrow up to USD 750 million or equivalent per financial year, in compliance with the ECB Framework under the "automatic" route, without the prior approval of the RBI. For further information, see "*Key Regulations and Policies*" on page 174. Any change in the regulatory framework affecting NBFCs and in particular those requiring NBFCs to maintain certain financial ratios, placing restrictions on securitization, accessing funds or lending to NBFCs among others, would adversely affect our results of operations and growth.

Demonetization

The Government's decision on demonetization in Fiscal 2017 resulted in greater market volatility and a reduction in income of some of our customers, and adversely affected our business in the short term. Demonetization also adversely impacted collections predominantly in Fiscal 2017 on our loans to SMEs.

Introduction of GST

The introduction of GST effective July 1, 2017 resulted in a substantial increase in our cost of tax compliance and resulted in an increase in tax rates on income from service charges, document charges and other fees on loan transactions. As a result of the introduction of GST, we are also required to pay a tax on the disposal of repossessed assets under certain circumstances.

In addition, the increase in the applicable tax rate on our products has had an adverse effect on our results of operations. The rate of GST on financial services, excluding interest revenue, is 18% compared to the 15% service tax rate payable pre-GST. As against other companies, which are allowed 100% of the input tax credit, NBFCs are eligible to claim 50% of the input tax credit under GST, which was also the rule under the pre-GST regime/service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased approximately from 7.75% under service tax to 9.0% under GST for most of the services that we avail, resulting in additional cost. This impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods we purchase (which pre-GST was not available), and taxes on goods and services are fungible.

Reduction in corporate tax

The Taxation Laws (Amendment) Ordinance, 2019 ("Tax Amendment Ordinance"), a new tax ordinance issued by the Ministry of Finance, Government of India on September 20, 2019, amended certain provisions of the Income Tax, Act, 1961m with effect from April 1, 2020, and prescribed certain changes to the income tax rate applicable to companies in India. According to the Tax Amendment Ordinance, companies were permitted to henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for India companies from 34.94% to approximately 25.17%. The Tax Amendment Ordinance also stipulated that once a company opts for lower tax rates, it forgoes its option to claim specified exemptions/deductions. Pursuant to the Tax Amendment Ordinance, we opted in favour of the concessional tax regime and exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e., 25.17%) from Fiscal 2019, and accordingly, re-measured current/deferred tax, and recognized the additional income tax expense incurred by us for the quarter and half year ended September 30, 2019. The deferred tax charge to the profit and loss account for the six months ended September 30, 2019 of ₹ 9,617 lakhs includes a re-measurement of the deferred tax assets as at March 31, 2019 at the substantively enacted tax rate pursuant to the Taxation Amendment Ordinance. The additional tax expense for the six months ended September 30, 2019 on account of this re-measurement of the deferred tax asset as at March 31, 2019 amounted to ₹ 12,673 lakhs.

Subsequently, in line with the Tax Amendment Ordinance, the Taxation Laws (Amendment) Act, 2019 ("Tax Amendment Act") was notified on December 11, 2019. The Tax Amendment Act repealed the Tax Amendment Ordinance. However, anything done or any action taken under the Tax Amendment Ordinance is deemed to have been done or taken under the corresponding provisions of the Tax Amendment Act.

Competition

We operate in a highly comepetive environment and we expect competition to intensify in the future. Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, microfinance companies. We may also face competition from unorganized smaller market participants who are prevalent in semi-urban and rural area, local money lenders in rural areas that are also focused on lending to underserved segments and micro, small and medium enterprises. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalizing related operational costs.

Our competitors may have competitive advantages over our businesses including greater financial resources, better brand recognition, broader knowledge resources and client base. Any increase in competition may reduce our market share, decrease growth in our business, increase operating expenses and reduce our customer base, which could adversely affect our financial condition and results of operations.

Seasonality

Our operations are affected by seasonal trends in the Indian economy. Typically, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. We typically experience higher volumes of business during this period. Any significant unforeseen events such as floods, earthquakes, political instability, epidemics or economic slowdowns during this peak season would adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

Guidelines on liquidity risk management framework for NBFCs

Pursuant to its circular dated November 4, 2019, the RBI has issued the 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies' (the "LRM Guidelines") in order to strengthen and raise the standard of the ALM framework applicable to NBFCs. The LRM Guidelines are required to be adhered to by all non-deposit taking NBFCs with asset size of ₹ 10,000 lakhs and above, systemically important Core Investment Companies and all deposit taking NBFCs (irrespective of their asset size), and the board of each NBFC is responsible to ensure compliance in this regard. The internal controls required to be put in place by NBFCs as per the LRM Guidelines are subject to supervisory review.

As per the LRM Guidelines, the 1-30 day time bucket (for payments) in the statement of structural liquidity is segregated into multiple buckets of 1-7 days, 8-14 days, and 15-30 days. The above granularity in the time buckets is also applicable to the interest rate sensitivity statement required to be submitted by NBFCs. The net cumulative negative mismatches between payments and receivables in the maturity buckets of 1-7 days, 8-14 days, and 15-30 days shall not exceed 10%, 10% and 20% of the cumulative cash outflows in the respective time buckets. NBFCs are expected to monitor their cumulative mismatches (running total) across all other time buckets up to one year by establishing internal prudential limits with the approval of the board.

As per the LRM Guidelines, the board of directors of NBFCs are required to frame a liquidity risk management framework to ensure maintenance of sufficient liquidity, in terms of which, the NBFCs are required to, inter alia, (i) articulate a liquidity risk tolerance, (ii) develop a process to quantify liquidity costs and benefits, (iii) include a process of identifying, measuring, monitoring and controlling liquidity risk, (iv) establish a funding strategy, (v) manage their collateral positions, differentiating between encumbered and unencumbered assets, (vi) conduct stress tests on a regular basis, (vii) formulate a contingency funding plan, (viii) make requisite public disclosures, (ix) develop and maintain liquidity management processes and funding programmes, and (x) put in place appropriate internal controls, systems and procedures. Further, NBFCs are required to adopt a 'stock' approach to liquidity risk measurement and monitor certain critical ratios in this regard by putting in place internally defined limits as approved by their board.

Further, in terms of the LRM Guidelines, the NBFCs are also required to adopt liquidity risk monitoring tools/metrics in order to capture strains in liquidity position. Such monitoring tools shall cover a) concentration of funding by counterparty/ instrument/ currency, b) availability of unencumbered assets that can be used as collateral for raising funds; and, c) certain early warning market-based indicators, such as, book-to-equity ratio, coupon on debts raised, breaches and regulatory penalties for breaches in regulatory liquidity requirements.

Further, all non-deposit taking NBFCs with asset size of ₹ 10,00,000 lakhs and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of LCR by ensuring that they have sufficient High Quality Liquid Asset ("HQLA") to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days. The LCR requirement shall be binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024. All non-deposit taking NBFCs with asset size of ₹ 5,00,000 lakhs and above but less than ₹ 10,00,000 lakhs shall also maintain the required level of LCR starting December 1, 2020 with the minimum HQLAs to be held being 30% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

We already have our own internal liquidity buffer framework, whereby we maintain a liquidity buffer deemed appropriate given market conditions and position of our net cash outflows in the near term. We also have internal risk monitoring tools. While we believe we are largely compliant with the LRM Guidelines, we would need to redraft our current liquidity buffer policy to specifically cover the tenets of the proposed HQLA guidelines and ensure the maintenance of liquidity in the assets specifically approved under the LRM Guidelines. The foregoing measures could lead to some degree of market volatility in the value of our investments we would hold as prescribed by the LRM Guidelines.

BASIS OF PREPARATION

The standalone financial statements of our Company for the year ended March 31, 2019 and for the six months ended September 30, 2019 have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2018, our Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

The financial statements for the year ended March 31, 2019 are the first financial statements that the Company has prepared in accordance with Ind AS. The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

The interim standalone Ind AS financial statements for the six months ended September 30, 2019 have been prepared in accordance with Ind AS 34, "Interim Financial Reporting". The interim standalone Ind AS financial statements have been prepared on a historical cost basis, except for FVOCI instruments, derivative financial instruments and certain financial assets and financial liabilities measured at fair value. The standalone financial statements are presented in Indian Rupees 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 included as a part of the 'Notes to Accounts' are not prepared as per the Ind AS financial statements. For further information in relation to the basis of preparation of regulatory disclosures in accordance with RBI guidelines included in our audited financial statements for Fiscal 2019, see note 49 to the audited standalone financial statements for Fiscal 2019 including in "*Financial Statements*" on page 241.

SIGNIFICANT ACCOUNTING POLICIES

For information on the significant accounting policies applicable to our Ind AS financial statements see *" – Significant Accounting Policies applicable to our Financial Statements prepared under Ind AS and those prepared under Indian GAAP – Significant Accounting Policies under Ind AS"* herein below.

For information on the significant accounting policies applicable to our Indian GAAP financial statements see note 1.1 in "*Financial Statements – Audited Standalone Financial Statements for Fiscal 2018*" and note 1 in "*Financial Statements – Audited Standalone Financial Statements for Fiscal 2017*" on pages 600 and 702, respectively.

DISCUSSION ON RESULTS OF OPERATIONS UNDER OUR IND AS FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2019 COMPARED TO SIX MONTHS ENDED SEPTEMBER 30, 2018

The following table sets forth certain information with respect to our results of operations on a standalone basis for the six months ended September 30, 2018 and 2019 under Ind AS:

Particulars	**Six Months Ended September 30,**			
	2018		**2019**	
	(₹ lakhs)	**Percentage of Total Income**	**(₹ lakhs)**	**Percentage of Total Income**
Revenue from Operations				
Interest income	3,08,162	93.9%	3,95,217	93.5%
Net gain on derecognition of financial instruments under amortized cost category	4,288	1.3%	13,168	3.1%
Fee income	8,444	2.6%	9,856	2.3%
Net gain on fair value change on financial instruments	2,163	0.7%	706	0.2%
Sale of services	5,020	1.5%	3,697	0.9%
Total Revenue from Operations	**3,28,077**	**100.0%**	**4,22,644**	**100.0%**
Other income	30	0.0%	10	0.0%
Total Income	**3,28,107**	**100.0%**	**4,22,654**	**100.0%**
Expenses				
Finance Costs	1,65,154	50.3%	2,26,393	53.6%
Impairment on Financial Instruments	15,951	4.9%	20,468	4.8%
Employee Benefits Expense	27,552	8.4%	31,795	7.5%
Depreciation and Amortization expense	2,542	0.8%	4,952	1.2%
Other Expenses	27,078	8.3%	38,415	9.1%
Total expenses	**2,38,277**	**72.6%**	**3,22,023**	**76.2%**
Profit before tax	**89,830**	**27.4%**	**1,00,631**	**23.8%**
Tax expense/(benefit)				
(a) Current tax	33,713	10.3%	28,894	6.8%
(b) Deferred tax	(2,875)	(0.9)%	9,617	2.3%
Net tax expense	**30,838**	**9.4%**	**38,511**	**9.1%**
Profit for the period	**58,992**	**18.0%**	**62,120**	**14.7%**
Other comprehensive income				
Other comprehensive income not be reclassified to profit or loss in subsequent periods				
Re-measurement gains / (losses) on defined benefits plans (net)	(321)	(0.1)%	(386)	(0.1)%
Income tax impact	110	0.0%	97	0.0%
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Cashflow Hedge Reserve	2,864	0.9%	(4,547)	(1.1)%
Income tax Impact	(880)	(0.3)%	2,081	0.5%
Total comprehensive income net of tax for the period	**60,765**	**18.5%**	**59,365**	**14.1%**

Total Income

Our total income comprises our revenue from operations and other income. Total income increased by 28.8% from ₹ 3,28,107 lakhs in the six months ended September 30, 2018 to ₹ 4,22,654 lakhs in the six months ended September 30, 2019 primarily due to the reasons discussed below:

Revenue from Operations

Our revenue from operations comprises: (i) interest income; (ii) net gain on derecognition of financial instruments under amortized cost category; (iii) fees income; (iv) net gain on fair value changes on financial instrument; and (v) sale of services.

Revenues from operations increased by 28.8% from ₹ 3,28,077 lakhs in the six months ended September 30, 2018 to ₹ 4,22,644 lakhs in the six months ended September 30, 2019, primarily due to an increase in interest income, and an increase in net gain on derecognition of financial instruments under amortized cost category. This increase was partially offset by a decrease in income from sale of services.

Interest Income: Our interest income comprises primarily interest income on financial assets measured at amortized cost including interest on bill discounting and term loans, and interest on bank deposits under lien and bank deposits free of lien.

Interest income increased by 28.3% from ₹ 3,08,162 lakhs in the six months ended September 30, 2018 to ₹ 3,95,217 lakhs in the six months ended September 30, 2019, primarily due to an increase in interest earning loan assets.

Net Gain on Derecognition of Financial Instruments under Amortized Cost Category: Net gain on derecognition of financial instruments under amortized cost category increased from ₹ 4,288 lakhs in the six months ended September 30, 2018 to ₹ 13,168 lakhs in the six months ended September 30, 2019, primarily due to an increase in volume of assignment transactions.

Fee Income: Our fees income comprise is generated with respect to term loans.

Fee income increased by 16.7% from ₹ 8,444 lakhs in the six months ended September 30, 2018 to ₹ 9,856 lakhs in the six months ended September 30, 2019, primarily due to an increase in fees realized during the servicing and closure of loans by borrowers.

Net Gain on Fair Value Change on Financial Instruments:

Our net gain on fair value changes on financial instruments comprises net gain on fair value changes on FVTPL with respect to income from mutual funds.

Net gain on fair value change on financial instruments decreased by 67.4% from ₹ 2,163 lakhs in the six months ended September 30, 2018 to ₹ 706 lakhs in the six months ended September 30, 2019, primarily due to a reduction in deploying funds under mutual fund investments.

Sale of Services: Our sale of services primarily comprises (i) servicing and collection fee on assignment; (ii) other servicing income; and (iii) freight income. Sale of services decreased by 26.4% from ₹ 5,020 lakhs in the six months ended September 30, 2018 to ₹ 3,697 lakhs in the six months ended September 30, 2019, primarily due to lower number of service contracts entered into for collection and branding services during the period.

Other Income

Our other income primarily comprises (i) dividend income from long-term investments; (ii) other non-operating income which includes rent and miscellaneous income; and (iii) rent received from cancellable lease for office space.

Other income decreased by 66.7% from ₹ 30 lakhs in the six months ended September 30, 2018 to ₹ 10 lakhs in the six months ended September 30, 2019.

Expenses

Our expenses comprise: (i) finance costs; (ii) impairment on financial instruments; (iii) employee benefits expense; (iv) depreciation and amortisation expenses; and (v) other expenses.

Total expenses increased by 35.2% from ₹ 2,38,277 lakhs in the six months ended September 30, 2018 to ₹ 3,22,023 lakhs in the six months ended September 30, 2019, primarily due to the reasons discussed below.

Finance Costs

Our finance costs comprise (A) bank charges, (B) interest on: (i) debt securities; (ii) borrowings other than debt securities; and (iii) subordinated debts; and (C) interest on lease liability.

Finance costs increased by 37.1% from ₹ 1,65,154 lakhs in the six months ended September 30, 2018 to ₹ 2,26,393 lakhs in the six months ended September 30, 2019 primarily due to an increase in borrowings and an increase in the marginal cost of borrowing.

Impairment of Financial Instruments

Impairment on financial instruments comprises (i) impairment on loss assets written off- loans; (ii) impairment on loss on disposal of repossessed assets; and (iii) impairment provisions on loans, measured at amortized cost.

Impairment of financial instruments increased by 28.3% from ₹ 15,951 lakhs in the six months ended September 30, 2018 to ₹ 20,468 lakhs in the six months ended September 30, 2019 primarily due to higher number of repossessions and reduced recovery as a result of strain in the macro economic environment.

Employee Benefit Expenses

Our employee benefits expense comprises salaries, bonus and commission; contribution to provident fund and other funds including employees' provident fund and superannuation fund; share based payment expense; gratuity expense; and staff welfare expenses.

Employee benefit expense increased by 15.4% from ₹ 27,552 lakhs in the six months ended September 30, 2018 to ₹ 31,795 lakhs in the six months ended September 30, 2019 primarily due to an increase in the number of employees resulting from expansion of our Company's branch network and growth in business.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 94.8% from ₹ 2,542 lakhs in the six months ended September 30, 2018 to ₹ 4,952 lakhs in the six months ended September 30, 2019, primarily due to increase in capital expenditure incurred towards improving our branch infrastructure and technology platform, right to use assets - buildings.

Other Expenses

Our other expenses primarily include (i) outsourcing cost; (ii) recovery charges; (iii) advertisement and publicity expenses; (iv) travelling and conveyance expenses; (v) information technology expenses; (vi) rent, taxes and energy cost; and (vii) miscellaneous expenses.

Other expenses increased by 41.9% from ₹ 27,078 lakhs in the six months ended September 30, 2018 to ₹ 38,415 lakhs in the six months ended September 30, 2019, primarily due to an increase in collection and outsourcing costs for maintaining asset quality and improving collection efficiency.

Profit before Tax

For the reasons discussed above, profit before tax increased from ₹ 89,830 lakhs in the six months ended September 30, 2018 to ₹ 1,00,631 lakhs in the six months ended September 30, 2019.

Tax Expense

Current tax expense decreased from ₹ 33,713 lakhs in the six months ended September 30, 2018 to ₹ 28,894 lakhs in the six months ended September 30, 2019, primarily on account of reduction in corporate tax rate. This decrease was offset by an increase in deferred tax from ₹ (2,875) lakhs in the six months ended September 30, 2018 to ₹ 9,617 lakhs in the six months ended September 30, 2019.

Profit for the Period

For the various reasons discussed above, we recorded a profit for the period of ₹ 62,120 lakhs in six months ended September 30, 2019 compared to ₹ 58,992 lakhs in the six months ended September 30, 2018.

Total Comprehensive Income for the Period

Total comprehensive income for the period was ₹ 59,365 lakhs in the six months ended September 30, 2019 compared to ₹ 60,765 lakhs in the six months ended September 30, 2018.

FISCAL 2019 COMPARED TO FISCAL 2018

The following table sets forth certain information with respect to our results of operations on a standalone basis for Fiscal 2018 and 2019 under Ind AS:

Particulars	**Fiscal**			
	2018		**2019**	
	(₹ lakhs)	**Percentage of Total Income**	**(₹ lakhs)**	**Percentage of Total Income**
Revenue from Operations				
Interest income	5,23,581	95.6%	6,56,526	93.9%
Net gain on derecognition of financial instruments under amortized cost category	-	-	8,670	1.2%
Fee income	15,369	2.8%	18,631	2.7%
Net gain on fair value change on financial instrument	991	0.2%	6,328	0.9%
Sale of services	7,982	1.5%	9,042	1.3%
Total Revenue from Operations	**5,47,923**	**100.0%**	**6,99,197**	**100.0%**
Other income	43	0.0%	67	0.0%
Total Income	**5,47,966**	**100.0%**	**6,99,264**	**100.0%**
Expenses				
Finance Costs	2,65,933	48.5%	3,58,874	51.3%
Impairment of Financial Instruments	30,370	5.5%	31,120	4.5%
Employee Benefits Expense	53,679	9.8%	59,058	8.5%
Depreciation and Amortization expense	4,968	0.9%	5,548	0.8%

Particulars	Fiscal			
	2018		2019	
	(₹ lakhs)	Percentage of Total Income	(₹ lakhs)	Percentage of Total Income
Other expenses	52,879	9.7%	62,349	8.9%
Total expenses	**4,07,829**	**74.4%**	**5,16,949**	**73.9%**
Profit before tax	**1,40,137**	**25.6%**	**1,82,315**	**26.1%**
Tax expense/ (benefit)				
(a) Current tax				
Pertaining to profit for the current period	53,359	9.7%	71,449	10.2%
Adjustment of tax relating to earlier periods	-	-	1,600	0.2%
(b) Deferred tax	(5,052)	(0.9)%	(9,349)	(1.3)%
Net tax expense	**48,307**	**8.8%**	**63,700**	**9.1%**
Profit for the year	**91,830**	**16.8%**	**1,18,615**	**17.0%**
Other comprehensive income				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods				
Re-measurement gains/ (losses) on defined benefit obligations (net)	66	0.0%	(678)	(0.1)%
Income tax impact	(23)	0.0%	237	0.0%
Net loss on equity instrument designated at FVOCI for the year	(129)	(0.0)%	-	-
Income tax impact	-	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Cashflow hedge reserve	1,100	0.2%	1,306	0.2%
Income tax impact	(384)	(0.1)%	(456)	(0.1)%
Other comprehensive income/ (loss) for the year	**630**	**0.1%**	**409**	**0.1%**
Total comprehensive income for the year	**92,460**	**16.9%**	**1,19,024**	**17.0%**

Total Income

Total income increased by 27.6% from ₹ 5,47,966 lakhs in Fiscal 2018 to ₹ 6,99,264 lakhs in Fiscal 2019 primarily due to the reasons discussed below:

Revenue from Operations

Revenues from operations increased by 27.6% from ₹ 5,47,923 lakhs in Fiscal 2018 to ₹ 6,99,197 lakhs in Fiscal 2019, primarily due to increase in interest income, net gain on derecognition of financial instruments under amortized cost category, fee income, and net gain on fair value change on financial instruments.

Interest Income: Interest income increased by 25.4% from ₹ 5,23,581 lakhs in Fiscal 2018 to ₹ 6,56,526 lakhs in Fiscal 2019 as a result of (i) increase in interest on financial assets measured at amortized cost including interest on term loans that increased by 25.2% from ₹ 5,17,044 lakhs in Fiscal 2018 to ₹ 6,47,571 lakhs in Fiscal 2019, (ii) increase in interest on other bank deposits free of lien that increased from ₹ 14 lakhs in Fiscal 2018 to ₹ 3,544 lakhs in Fiscal 2019.

Net Gain on Derecognition of Financial Instruments under Amortized Cost Category: Net gain on derecognition of financial instruments under amortized cost category increased from no such gain in Fiscal 2018 to ₹ 8,670 lakhs in Fiscal 2019, as a result of assignment transactions entered in Fiscal 2019 compared with no such transactions in Fiscal 2018.

Fee Income: Fee income increased by 21.2% from ₹ 15,369 lakhs in Fiscal 2018 to ₹ 18,631 lakhs in Fiscal 2019, as a result of an increase of fee income on term loans.

Net Gain on Fair Value Change on Financial Instruments: Net gain on fair value change on financial instruments increased from ₹ 991 lakhs in Fiscal 2018 to ₹ 6,328 lakhs in Fiscal 2019 as a result of an increase in income from mutual funds.

Sale of Services: Income from sale of services increased by 13.3% from ₹ 7,982 lakhs in Fiscal 2018 to ₹ 9,042 lakhs in Fiscal 2019, primarily attributable to an increase in other service income by 14.4% from ₹ 7,694 lakhs in Fiscal 2018 to ₹ 8,800 lakhs in Fiscal 2019.

Other Income

Other income significantly increased by 55.8% from ₹ 43 lakhs in Fiscal 2018 to ₹ 67 lakhs in Fiscal 2019, primarily due increase in miscellaneous income from ₹ 15 lakhs in Fiscal 2018 to ₹ 38 lakhs in Fiscal 2019.

Expenses

Total expenses increased by 26.8% from ₹ 4,07,829 lakhs in Fiscal 2018 to ₹ 5,16,949 lakhs in Fiscal 2019, primarily due to the reasons discussed below.

Finance Costs

Finance costs increased by 35.0% from ₹ 2,65,933 lakhs in Fiscal 2018 to ₹ 3,58,874 lakhs in Fiscal 2019, primarily due to increase in interest on financial liabilities measured at amortized cost with respect to borrowings other than debt securities that increased by 76.5% from ₹ 1,07,264 lakhs in Fiscal 2018 to ₹ 1,89,356 lakhs in Fiscal 2019. This was primarily due to an increase in borrowings and an increase in the marginal cost of borrowings. Interest on financial liabilities measured at amortized cost with respect to subordinated liabilities also increased by 46.8% from ₹ 21,515 lakhs in Fiscal 2018 to ₹ 31,588 lakhs in Fiscal 2019, due to increase in marginal borrowing cost owing to macroeconomic conditions.

Impairment of Financial Instruments

Impairment of financial instruments increased by 2.5% from ₹ 30,370 lakhs in Fiscal 2018 to ₹ 31,120 lakhs in Fiscal 2019, due to an increase in loss on disposal of re-possessed assets by 13.8% from ₹ 17,474 lakhs in Fiscal 2018 to ₹ 19,881 lakhs in Fiscal 2019, and an increase in impairment provision of loans measured at amortized cost by 87.8% from ₹ 3,661 lakhs in Fiscal 2018 to ₹ 6,875 lakhs in Fiscal 2019. This was partially offset by a decrease in loss assets written off (net) on loans, by 55.0% from ₹ 9,688 lakhs in Fiscal 2018 to ₹ 4,364 lakhs in Fiscal 2019.

Employee Benefit Expenses

Employee benefit expense increased by 10.0% from ₹ 53,679 lakhs in Fiscal 2018 to ₹ 59,058 lakhs in Fiscal 2019, primarily due to increase in salaries, bonus and commission by 12.1% from ₹ 47,786 lakhs in Fiscal 2018 to ₹ 53,553 lakhs in Fiscal 2019 primarily due to an increase in number of employees owing to growth in our operations. Contribution to provident and other funds also increased by 20.3% from ₹ 2,026 lakhs in Fiscal 2018 to ₹ 2,437 lakhs in Fiscal 2019, primarily attributable to increase in the number of employees.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 11.7% from ₹ 4,968 lakhs in Fiscal 2018 to ₹ 5,548 lakhs in Fiscal 2019, primarily due to acquisition of tangible and intangible assets which are deployed for business operations.

Other Expenses

Other expenses increased by 17.9% from ₹ 52,879 lakhs in Fiscal 2018 to ₹ 62,349 lakhs in Fiscal 2019, primarily due to increase in (i) rent and facility charges that increased by 9.8% from ₹ 4,808 lakhs in Fiscal 2018 to ₹ 5,278 lakhs in Fiscal 2019, as a result of expansion of our branch network; (ii) advertisement and publicity expenses that increased by 85.3% from ₹ 863 lakhs in Fiscal 2018 to ₹ 1,599 lakhs in Fiscal 2019, due to expenditure incurred in increasing the branding of our branches; (iii) communication costs that increased by 11.7% from ₹ 2,279 lakhs in Fiscal 2018 to ₹ 2,546 lakhs in Fiscal 2019, due to addition of communication channels on account of branch expansion and manpower count; (iv) insurance charges that increased by 28.8% from ₹ 896 lakhs in Fiscal 2018 to ₹ 1,154 lakhs in Fiscal 2019, due to increase in insurance coverage cost to cover additional employees and infrastructure; (iv) recovery charges that increased by 21.3% from ₹ 16,730 lakhs in Fiscal 2018 to ₹ 20,294 lakhs in Fiscal 2019 and outsource cost that significantly increased by 96.8% from ₹ 7,748 lakhs in Fiscal 2018 to ₹ 15,245 lakhs in Fiscal 2019, which was commensurate with the growth in our disbursements, greater resolution of delinquency cases and improvement in collection efficiency.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 1,40,137 lakhs in Fiscal 2018 compared to ₹ 1,82,315 lakhs in Fiscal 2019.

Tax Expense

Net tax expense increased by 31.9% from ₹ 48,307 lakhs in Fiscal 2018 to ₹ 63,700 lakhs in Fiscal 2019. This was on account of an increase in current tax expense pertaining to profit from ₹ 53,359 lakhs in Fiscal 2018 to ₹ 71,449 lakhs in Fiscal 2019.

Profit for the Year

For the various reasons discussed above, we recorded a profit for the year of ₹ 1,18,615 lakhs in Fiscal 2019 compared to ₹ 91,830 lakhs in Fiscal 2018.

Total Comprehensive Income for the Year

Total comprehensive income for the year was ₹ 1,19,024 lakhs in Fiscal 2019 compared to ₹ 92,460 lakhs in Fiscal 2018.

DISCUSSION ON RESULTS OF OPERATIONS UNDER OUR INDIAN GAAP FINANCIAL STATEMENTS

FISCAL 2018 COMPARED TO FISCAL 2017

The following table sets forth certain information with respect to our results of operations on a standalone basis for Fiscal 2017 and 2018, under Indian GAAP:

Particulars	Fiscal			
	2017		2018	
	(₹ lakhs)	Percentage of Total Revenue	(₹ lakhs)	Percentage of Total Revenue
Revenue				
Revenue from operations	4,65,955	99.9%	5,42,533	100.0%
Other income	80	0.1%	44	0.0%
Total Revenue	**4,66,035**	**100.00%**	**5,42,577**	**100.0%**
Expenses				
Finance costs	2,23,080	47.8%	2,30,785	42.5%
Business origination outsourcing	17,842	3.8%	26,086	4.8%
Employee benefits expense	40,264	8.6%	52,766	9.7%
Other expenses	39,416	8.5%	45,132	8.3%
Depreciation and amortization expense	3,811	0.8%	4,968	0.9%
Provisions and loan losses	31,063	6.7%	34,509	6.4%
Total expenses	**3,55,477**	**76.2%**	**3,94,246**	**72.7%**
Profit before tax	**1,10,558**	**23.8%**	**1,48,331**	**27.3%**
Tax expense/ (benefit)				
Current tax				
- Pertaining to profit for the current period	41,805	9.0%	53,359	9.8%
- Adjustment of tax relating to earlier periods	245	0.0%	-	-
- Deferred tax	(3,366)	(0.7)%	(2,440)	(0.5)%
Net tax expense	**38,684**	**8.3%**	**50,919**	**9.4%**
Profit for the Year	**71,874**	**15.5%**	**97,412**	**18.0%**

Total Revenue

Our total revenue comprises: (i) revenue from operations; and (ii) other income.

Total revenue increased by 16.4% from ₹ 4,66,035 lakhs in Fiscal 2017 to ₹ 5,42,577 lakhs in Fiscal 2018 primarily due to increase in revenue from operations.

Revenue from Operations

Revenue from operations comprises (i) income from operations and (ii) other operating income.

Revenues from operations increased by 16.4% from ₹ 4,65,955 lakhs in Fiscal 2017 to ₹ 5,42,533 lakhs in Fiscal 2018, primarily due to the reasons discussed below:

Income from Operations: Income from operations comprise (a) income from financing activities; (b) retail distribution operations – commission; (c) freight income; and (d) interest income.

Income from operations increased by 15.7% from ₹ 4,63,411 lakhs in Fiscal 2017 to ₹ 5,36,074 lakhs in Fiscal 2018, primarily due to increase in (i) interest income from (a) financing activities, and other operating revenue from financing activities; and (ii) other interest income.

Income from financing activities increased by 15.6% from ₹ 458,199 lakhs in Fiscal 2017 to ₹ 5,29,721 lakhs in Fiscal 2018, primarily due to increase in (a) interest income on automobile financing that increased by 15.4% from ₹ 2,94,677 lakhs in Fiscal

2017 to ₹ 3,39,977 lakhs in Fiscal 2018 due to increase in loan assets, and increase in other operating revenue in automobile financing by 40.8% from ₹ 30,934 lakhs in Fiscal 2017 to ₹ 43,555 lakhs in Fiscal 2018, (b) interest on construction equipment financing that increased by 88.6% from ₹ 5,865 lakhs in Fiscal 2017 to ₹ 11,061 lakhs in Fiscal 2018 due to increase in loan assets, (c) increase in other operating revenue in loans against immovable property by 22.4% from ₹ 6,321 lakhs in Fiscal 2017 to ₹ 7,736 lakhs in Fiscal 2018, (d) interest on other loans that increased by 70.1% from ₹ 1,016 lakhs in Fiscal 2017 to ₹ 1,729 lakhs in Fiscal 2018, due to increase in loan assets, and (d) interest spread on assignment/ securitization that increased by 47.8% from ₹ 21,028 lakhs in Fiscal 2017 to ₹ 31,084 lakhs in Fiscal 2018 as a result of an increase in number of transactions carried out in the same period.

This was partially offset by a decrease in interest on loans against immovable property that decreased by 3.3% from ₹ 94,596 lakhs in Fiscal 2017 to ₹ 91,455 lakhs in Fiscal 2018, and decrease in interest on loans to automobile dealers that decreased by 62.1% from ₹ 1,120 lakhs in Fiscal 2017 to ₹ 425 lakhs in Fiscal 2018, due to a decline in the volume of transactions undertaken by the dealers.

Interest income increased by 21.9% from ₹ 5,212 lakhs in Fiscal 2017 to ₹ 6,353 lakhs in Fiscal 2018, due to increase in interest income on deposits placed as collateral towards assets derecognized and interest income on long-term investment (pass through certificates).

Other Operating Income: Other operating income comprises (a) profit on sale of current investments; (b) servicing and collection fee on securitization/ assignment; (c) advertising income; and (d) others.

Other operating income significantly increased from ₹ 2,545 lakhs in Fiscal 2017 to ₹ 6,459 lakhs in Fiscal 2018, primarily due to increase in servicing and collection fee on securitization/ assignment that increased by 16.2% from ₹ 1,191 lakhs in Fiscal 2017 to ₹ 1,385 lakhs in Fiscal 2018, as a result of an increase in the number of transactions entered into, and increase in advertising income from no such income in Fiscal 2017 to ₹ 3,948 lakhs in Fiscal 2018, due to execution of the service contract for branding activities in Fiscal 2018.

Other Income

Other income comprises (i) dividend income from long-term investments; (ii) rent; and (iii) miscellaneous income.

Other income decreased by 45.0% from ₹ 80 lakhs in Fiscal 2017 to ₹ 44 lakhs in Fiscal 2018, primarily due to decrease in miscellaneous income. This was partially offset by an increase in rent income by 56.1% from ₹ 18 lakhs in Fiscal 2017 to ₹ 29 lakhs in Fiscal 2018, and increase in dividend income from long-term investments from no such income in Fiscal 2017 to ₹ 0.3 lakhs in Fiscal 2018.

Expenses

Our total expenses comprise: (i) finance costs; (ii) business origination outsourcing; (iii) employee benefits expense; (iv) other expenses; (v) depreciation and amortization expense; and (vi) provisions and loan losses.

Total expenses increased by 10.9% from ₹ 3,55,476 lakhs in Fiscal 2017 to ₹ 3,94,246 lakhs in Fiscal 2018, primarily due to the reasons discussed below:

Finance Costs

Our finance costs comprise: (i) interest expense on debentures, bank loans, other loans, and commercial papers; and (ii) others including amortization of ancillary borrowing costs and bank charges.

Finance costs increased by 3.5% from ₹ 2,23,080 lakhs in Fiscal 2017 to ₹ 2,30,785 lakhs in Fiscal 2018. This was primarily due to increase in interest expense on debentures which increased by 30.2% from ₹ 1,03,052 lakhs in Fiscal 2017 to ₹ 1,34,152 lakhs in Fiscal 2018. This was significantly offset by a decrease in interest expense on bank loans that decreased by 15.8% from ₹ 84,422 lakhs in Fiscal 2017 to ₹ 71,066 lakhs in Fiscal 2018.

Business Origination Outsourcing

Business origination outsourcing expenses increased by 46.2% from ₹ 17,842 lakhs in Fiscal 2017 to ₹ 26,086 lakhs in Fiscal 2018, commensurate with the growth in disbursements, driven by an increase in outsourcing staff working for sales and credit divisions of our business.

Employee Benefit Expenses

Employee benefit expenses comprise (i) salaries, bonus and commission; (ii) contribution to provident and other funds; (iii) employees’ provident fund; (iv) superannuation fund; (v) gratuity expense; and (vi) staff welfare expenses.

Employee benefit expense increased by 31.1% from ₹ 40,265 lakhs in Fiscal 2017 to ₹ 52,766 lakhs in Fiscal 2018, primarily due to increase in salaries, bonus and commission that increased by 34.2% from ₹ 35,598 lakhs in Fiscal 2017 to ₹ 47,786 lakhs in Fiscal 2018, due to increase in number of employees resulting from expansion of our Company's branch network and growth in business. Staff welfare expenses also increased by 36.1% from ₹ 1,753 lakhs in Fiscal 2017 to ₹ 2,387 lakhs in Fiscal 2018.

Other Operating Expenses/ Other Expenses

Our other operating expenses/ other expenses mainly comprise: (i) recovery charges; (ii) freight charges; (iii) travelling and conveyance; (iv) rent; (v) professional charges; and (vi) information technology expenses.

Other operating expenses/ other expenses increased by 14.5% from ₹ 39,416 lakhs in Fiscal 2017 to ₹ 45,132 lakhs in Fiscal 2018, primarily due to the reasons discussed below:

- Increase in rent expenses which increased by 30.3% from ₹ 3,689 lakhs in Fiscal 2017 to ₹ 4,808 lakhs in Fiscal 2018 due to increase in our network of branches.

- Increase in travelling and conveyance expenses which increased by 49.1% from ₹ 4,188 lakhs in Fiscal 2017 to ₹ 6,242 lakhs in Fiscal 2018 which increase was primarily attributable to travel by executives towards business development, monitoring of business performance and increase in manpower count.

- Increase in information technology expenses which increased by 39.3% from ₹ 2,122 lakhs in Fiscal 2017 to ₹ 2,955 lakhs in Fiscal 2018 which increase was primarily attributable to enhancements and maintenance in our information technology infrastructure in the normal course of business.

- Increase in recovery charges which increased by 33.5% from ₹ 12,534 lakhs in Fiscal 2017 to ₹ 16,731 lakhs in Fiscal 2018 due to increase in appointment of recovery staff, collection agents and resolution of delinquent cases.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 30.4% from ₹ 3,811 lakhs in Fiscal 2017 to ₹ 4,968 lakhs in Fiscal 2018, primarily due to increase in depreciation of property, plant and equipment.

Provisions and Loan Losses

Provisions and loan losses primarily comprises (i) loss assets written off (net); (ii) provision/ loss on repossessed assets (net); (iii) provision for non-performing assets; (iv) provision released for non-performing assets on recovery/ write-off; (v) (reversal)/ provision for standard assets (net); and (vi) provision for diminution in value of investment.

Provision and loan losses increased by 11.1% from ₹ 31,063 lakhs in Fiscal 2017 to ₹ 34,509 lakhs in Fiscal 2018, due to an increase in loss assets written off (net) which increased by 65.5% from ₹ 5,854 lakhs in Fiscal 2017 to ₹ 9,688 lakhs in Fiscal 2018; and an increase in provision for non-performing assets which increased by 4.2% from ₹ 28,466 lakhs in Fiscal 2017 to ₹ 29,670 lakhs in Fiscal 2018.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 110,558 lakhs in Fiscal 2017 compared to ₹ 148,331 lakhs in Fiscal 2018.

Tax Expense

Net tax expenses increased by 31.6% from ₹ 38,684 lakhs in Fiscal 2017 to ₹ 50,919 lakhs in Fiscal 2018. This was primarily due to an increase in current tax pertaining to profit from ₹ 41,805 lakhs in Fiscal 2017 to ₹ 53,359 lakhs in Fiscal 2018.

DISCUSSION ON FINANCIAL CONDITION UNDER OUR IND AS FINANCIAL STATEMENTS

Total Assets

The table below sets out the principal components of our assets as of the dates indicated:

	As of March 31,		As of September 30, 2019
	2018	2019	
	(₹ lakhs)		
Financial Assets			
Cash and Cash Equivalents	25,379	3,13,893	5,51,965
Bank Balances other than cash and cash equivalents	63,416	53,592	76,311
Derivative financial instruments	599	8,869	13,272
Receivables			
(i) Trade Receivables	3,823	441	1,138
(ii) Other Receivables	5,577	3,908	4,362
Loans	42,25,323	52,62,227	55,70,061

	As of March 31,		**As of September 30, 2019**
	2018	**2019**	
	(₹ lakhs)		
Investments	7,292	7,292	7,292
Other Financial Assets	7,730	12,432	29,844
Financial Assets - Total (A)	**43,39,139**	**56,62,654**	**62,54,245**
Non-Financial Assets			
Current tax assets (net)	15,961	15,719	21,151
Deferred tax assets (net)	36,171	45,300	37,861
Investment property	5	47	47
Property, plant and equipment	14,005	14,253	26,665
Intangible assets under development	380	1,310	986
Other Intangible assets	2,070	1,976	1,907
Other non-financial assets	1,242	1,371	2,803
Non – Financial Assets – Total (B)	**69,834**	**79,976**	**91,420**
Total Assets (A+B)	**44,08,973**	**57,42,630**	**63,45,665**

Total assets increased by 10.5% from ₹ 57,42,630 lakhs as of March 31, 2019 to ₹ 63,45,665 lakhs as of September 30, 2019. This increase was primarily due to an increase in loans by 5.8% from ₹ 52,62,227 lakhs as of March 31, 2019 to ₹ 55,70,061 lakhs as September 30, 2019.

Total assets increased by 30.2% from ₹ 44,08,973 lakhs as of March 31, 2018 to ₹ 57,42,630 lakhs as of March 31, 2019. This increase was primarily due to an increase in loans by 24.5% from ₹ 42,25,323 lakhs as of March 31, 2018 to ₹ 52,62,227 lakhs as of March 31, 2019 on account of growth in disbursements thereby augmenting the increase of loans offered by our Company.

Financial Assets

Cash and cash equivalents. Cash and cash equivalents increased by 75.8% from ₹ 3,13,893 lakhs as of March 31, 2019 to ₹ 5,51,965 lakhs as of September 30, 2019. This increase was primarily maintained in form of shorter term deposits, held for strengthening the liquidity position on short-term commitments in addition to routine cash flows available planned for such short term commitments. Cash and cash equivalents increased from ₹ 25,379 lakhs as of March 31, 2018 to ₹ 3,13,893 lakhs as of March 31, 2019. This increase was primarily on account of increase in balances with banks in deposit accounts – original maturity of 3 months or less from no such amount as of March 31, 2018 to ₹ 2,66,662 lakhs as of March 31, 2019.

Bank Balances other than Cash and Cash Equivalents. Bank balances other than cash and cash equivalents increased by 42.4% from ₹ 53,592 lakhs as of March 31, 2019 to ₹ 76,311 lakhs as of September 30, 2019. This increase was primarily due to deploying funds in deposits as part of our treasury activities. Bank balances other than cash and cash equivalents decreased by 15.5% from ₹ 63,416 lakhs as of March 31, 2018 to ₹ 53,592 lakhs as of March 31, 2019. This decrease was primarily on account of a decrease in earmarked accounts of deposits with banks as collateral towards securitisation loans by 13.2% from ₹ 59,872 lakhs as of March 31, 2018 to ₹ 51,995 lakhs as of March 31, 2019, as a result reduction in number of securitization transactions and deposits released on account of lower or reset of cash collateral.

Derivative Financial Instruments. Derivative financial instruments – (fair value assets) increased by 49.6% from ₹ 8,869 lakhs as of March 31, 2019 to ₹ 13,272 lakhs as of September 30, 2019. Derivative financial instruments – (fair value assets) increased from ₹ 599 lakhs as of March 31, 2018 to ₹ 8,869 lakhs as of March 31, 2019. This increase was primarily on account of fluctuations in foreign exchange position between close price and contracted price of the underlying borrowed currency, which is fully hedged.

Receivables. Receivables increased by 26.5% from ₹ 4,349 lakhs as of March 31, 2019 to ₹ 5,500 lakhs as of September 30, 2019. This increase was primarily due to an increase in trade receivables from ₹ 441 lakhs as of March 31, 2019 to ₹ 1,138 lakhs as of September 30, 2019. Receivables decreased by 53.7% from ₹ 9,400 lakhs as of March 31, 2018 to ₹ 4,349 lakhs as of March 31, 2019. This decrease was primarily on account of decrease in trade receivables from ₹ 3,823 lakhs as of March 31, 2018 to ₹ 441 lakhs as of March 31, 2019.

Loans. Loans increased by 5.8% from ₹ 52,62,227 lakhs as of March 31, 2019 to ₹ 55,70,061 lakhs as of September 30, 2019. This increase was primarily due to increase in volume of disbursements. Loans increased by 24.5% from ₹ 42,25,323 lakhs as of March 31, 2018 to ₹ 52,62,227 lakhs as of March 31, 2019. This increase was primarily on account of increase in term loans, and increase in loans which are secured by tangible assets. Term loans increased by 24.4% from ₹ 42,98,073 lakhs as of March 31, 2018 to ₹ 53,46,457 lakhs as of March 31, 2019, Loans secured by tangible assets increased by 24.5% from ₹ 42,60,173 lakhs as of March 31, 2018 to ₹ 53,03,106 lakhs as of March 31, 2019, as a result of growth in disbursement and product mix.

Investments. Investments amounted to ₹ 7,292 lakhs as of each of March 31, 2018 and 2019 and as of September 30, 2019.

Other Financial Assets. Other financial assets increased from ₹ 12,432 lakhs as of March 31, 2019 to ₹ 29,844 lakhs as of September 30, 2019. This increase was primarily due to asset created on account of gain arising out of assignment transactions which is represented as interest-only strip receivable. Other financial assets increased by 60.8% from ₹ 7,730 lakhs as of March 31, 2018 to ₹ 12,432 lakhs as of March 31, 2019. This increase was primarily on account of increase in interest only strip receivable at amortized cost from ₹ 4,107 lakhs as of March 31, 2018 to ₹ 9,062 lakhs as of March 31, 2019, due to increase in volume of assignment transactions and gain arising out of the same.

Non-Financial Assets

Current Tax Assets (net). Current tax assets (net) increased by 34.6% from ₹ 15,719 lakhs as of March 31, 2019 to ₹ 21,151 lakhs as of September 30, 2019. This increase is on account of higher profitability or profit earned by the Company. Current tax assets (net) decreased by 1.5% from ₹ 15,961 lakhs as of March 31, 2018 to ₹ 15,719 lakhs as of March 31, 2019.

Deferred Tax Assets (net). Deferred tax assets (net) decreased by 16.4% from ₹ 45,300 lakhs as of March 31, 2019 to ₹ 37,861 lakhs as of September 30, 2019. This decrease was primarily due to reduction in the corporate tax rate and accordingly resulting in a decrease in the deferred tax benefit available to our Company. Deferred tax assets (net) increased by 25.2% from ₹ 36,171 lakhs as of March 31, 2018 to ₹ 45,300 lakhs as of March 31, 2019. This increase was primarily on account of an increase in impairment on financial instruments by 13.0% from ₹ 28,700 lakh as of March 31, 2018 to ₹ 32,430 lakhs as of March 31, 2019.

Investment Property. Investment property increased from ₹ 5 lakhs as of March 31, 2018 to ₹ 47 lakhs as of March 31, 2019. This increase was primarily due to few properties been used for letting out purpose hence categorized as investment property in nature. Investment property remained at ₹ 47 lakhs as of September 30, 2019.

Property, Plant and Equipment. Property, plant and equipment increased by 87.1% from ₹ 14,253 lakhs as of March 31, 2019 to ₹ 26,665 lakhs as of September 30, 2019. This increase was primarily due to acquisition of assets on account of branch expansion and leased asset created out of premises where our Company operates from rented premises in line with Ind AS 116. Property, plant and equipment increased by 1.8% from ₹ 14,005 lakhs as of March 31, 2018 to ₹ 14,253 lakhs as of March 31, 2019. This increase was primarily on account of acquisition of assets required for operation of business.

Intangible Assets under Development. Intangible assets under development decreased by 24.7% from ₹ 1,310 lakhs as of March 31, 2019 to ₹ 986 lakhs as of September 30, 2019. This decrease was primarily due to completion of projects or IT enhancements. Intangible assets under development increased from ₹ 380 lakhs as of March 31, 2018 to ₹ 1,310 lakhs as of March 31, 2019. This decrease was primarily on account of investment made in technology to cater to our business requirements.

Other Intangible Assets. Other intangible assets decreased by 3.5% from ₹ 1,976 lakhs as of March 31, 2019 to ₹ 1,907 lakhs as of September 30, 2019. Other intangible assets also decreased by 4.5% from ₹ 2,070 lakhs as of March 31, 2018 to ₹ 1,976 lakhs as of March 31, 2019. The decrease was primarily on account of higher amortization on intangible assets acquired in each prior period.

Other Non-Financial Assets. Other non-financial assets increased from ₹ 1,371 lakhs as of March 31, 2019 to ₹ 2,803 lakhs as of September 30, 2019. This increase was primarily due to prepaid expenditure incurred for renewal on insurance coverage and maintenance contracts and addition of contracts on account of branch operations. Other non-financial assets increased by 10.4% from ₹ 1,242 lakhs as of March 31, 2018 to ₹ 1,371 lakhs as of March 31, 2019. This increase was primarily on account of upfront expenditure incurred on routine business support activities, categorised as prepaid.

Total Liabilities and Equity

Our total liabilities and Equity as of the specified dates are set out below:

	As of March 31,		As of September 30, 2019
	2018	2019	
	(₹ lakhs)		
Financial Liabilities			
Derivate financial instruments	7,655	841	1,260
Payables			
(i) Trade Payables			
Total outstanding dues of micro and small enterprises	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	17,063	20,742	19,063
(ii) Other Payables			
Total outstanding dues of micro and small enterprises	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	10,047	12,894	6,844
Debt securities	14,37,395	14,18,431	13,28,090
Borrowings (other than debt securities)	20,16,635	32,12,375	38,56,945
Subordinated liabilities	3,79,003	4,25,868	4,05,313
Other financial liabilities	19,967	21,207	42,417
Non-Financial Liabilities			

	As of March 31,		As of September 30, 2019
	2018	2019	
	(₹ lakhs)		
Provisions	6,343	7,402	8,474
Other non-financial liabilities	5,051	5,296	3,397
	11,394	**12,698**	**11,871**
Equity			
Equity share capital	15,640	15,643	15,644
Other equity	4,94,174	6,01,931	6,58,218
Total Liabilities and Equity	**44,08,973**	**57,42,630**	**63,45,665**

Total liabilities and equity increased by 10.5% from ₹ 57,42,630 lakhs as of March 31, 2019 to ₹ 63,45,665 lakhs as of September 30, 2019. This increase was primarily due to an increase in addition to reserves and borrowings which are in line with the growth of our business.

Total liabilities and equity increased by 30.2% from ₹ 44,08,973 lakhs as of March 31, 2018 to ₹ 57,42,630 lakhs as of March 31, 2019. This increase was primarily due to accretion to reserves and borrowings which are in line with the growth of business and loan book.

Financial Liabilities

Derivative Financial Instruments. Derivate financial instruments increased by 49.8% from ₹ 841 lakhs as of March 31, 2019 to ₹ 1,260 lakhs as of September 30, 2019. This increase was primarily due to fluctuation in foreign currency movement of underlying borrowings contracted in foreign currency which are fully hedged. Derivate financial instruments decreased by 89.0% from ₹ 7,655 lakhs as of March 31, 2018 to ₹ 841 lakhs as of March 31, 2019. This decrease was primarily on account of fluctuation in foreign currency movement of the underlying borrowings contracted in foreign currency which are fully hedged.

Payables. Payables decreased by 23.0% from ₹ 33,636 lakhs as of March 31, 2019 to ₹ 25,907 lakhs as of September 30, 2019. This decrease was primarily due to provision and payables recognized for business related items got reduced. Payables increased by 24.1% from ₹ 27,110 lakhs as of March 31, 2018 to ₹ 33,636 lakhs as of March 31, 2019. This increase was primarily on account of to provision and payables recognized for business related items has increased for supporting growth in disbursements.

Debt Securities. Debt securities decreased by 6.4% from ₹ 14,18,431 lakhs as of March 31, 2019 to ₹ 13,28,090 lakhs as of September 30, 2019. This decrease was primarily due to maturity pattern and the borrowing mix. Debt securities decreased by 1.3% from ₹ 14,37,395 lakhs as of March 31, 2018 to ₹ 14,18,431 lakhs as of March 31, 2019. This decrease was primarily on account of decrease in redeemable non-convertible debentures medium-term secured by 12.7% from ₹ 12,07,379 lakhs as of March 31, 2018 to ₹ 10,54,445 lakhs as of March 31, 2019, due to maturity pattern and the borrowing mix.

Borrowings (other than debt securities). Borrowings (other than debt securities) increased by 20.1% from ₹ 32,12,375 lakhs as of March 31, 2019 to ₹ 38,56,945 lakhs as of September 30, 2019. This increase was primarily due to maturity pattern and the borrowing mix. Borrowings (other than debt securities) increased by 59.3% from ₹ 20,16,635 lakhs as of March 31, 2018 to ₹ 32,12,375 lakhs as of March 31, 2019. This increase was primarily on account of an increase in (i) term loans from banks – secured (rupee loans) that increased from ₹ 9,44,428 lakhs as of March 31, 2018 to ₹ 21,62,592 lakhs as of March 31, 2019; (ii) term loans from banks – unsecured (rupee loans) that increased by 19.0% from ₹ 42,000 lakhs as of March 31, 2018 to ₹ 50,000 lakhs as of March 31, 2019; (iii) term loans from other parties – secured (financial institutions – rupee loans) that increased by 24.6% from ₹ 75,000 lakhs as of March 31, 2018 to ₹ 93,481 lakhs as of March 31, 2019.

Subordinated Liabilities. Subordinated liabilities decreased by 4.8% from ₹ 4,25,868 lakhs as of March 31, 2019 to ₹ 4,05,313 lakhs as of September 30, 2019. This decrease was primarily due to our borrowing mix and maturity pattern. Subordinated liabilities increased by 12.4% from ₹ 3,79,003 lakhs as of March 31, 2018 to ₹ 4,25,868 lakhs as of March 31, 2019. This increase was primarily on account of increase in perpetual debt – unsecured by 22.6% from ₹ 1,17,625 lakhs as of March 31, 2018 to ₹ 1,44,179 lakhs as of March 31, 2019 and increase in unsecured subordinated debt by 7.8% from ₹ 2,61,378 lakhs as of March 31, 2018 to ₹ 2,81,689 lakhs as of March 31, 2019.

Other Financial Liabilities. Other financial liabilities increased from ₹ 21,207 lakhs as of March 31, 2019 to ₹ 42,417 lakhs as of September 30, 2019. This increase was primarily due to recognition of lease liability on introduction of Ind AS 116 for office premises which are used by our Company on rent. Other financial liabilities increased by 6.2% from ₹ 19,967 lakhs as of March 31, 2018 to ₹ 21,207 lakhs as of March 31, 2019. This increase was primarily on account of increase in other liabilities by 24.9% from ₹ 11,629 lakhs as of March 31, 2018 to ₹ 14,522 lakhs as of March 31, 2019.

Non-Financial Liabilities

Provisions. Provisions increased by 14.5% from ₹ 7,402 lakhs as of March 31, 2019 to ₹ 8,474 lakhs as of September 30, 2019. This increase was primarily due to increase in provision for compensated absences for employees based on actuarial computation. Provisions increased by 16.7% from ₹ 6,343 lakhs as of March 31, 2018 to ₹ 7,402 lakhs as of March 31, 2019. This increase was primarily on account of increase in provision for employee benefits – compensated absences by 39.6% from ₹ 2,518 lakhs as of March 31, 2018 to ₹ 3,514 lakhs as of March 31, 2019.

Other Non-Financial Liabilities. Other non-financial liabilities decreased by 35.9% from ₹ 5,296 lakhs as of March 31, 2019 to ₹ 3,397 lakhs as of September 30, 2019. This decrease was primarily due to reduction in statutory liability and also on account of reduction in deferred rent liability that was extinguished on account of introduction of Ind AS 116. Other non-financial liabilities increased by 4.9% from ₹ 5,051 lakhs as of March 31, 2018 to ₹ 5,296 lakhs as of March 31, 2019. This increase was primarily on account of increase in statutory liabilities by 51.7% from ₹ 1,423 lakhs as of March 31, 2018 to ₹ 2,159 lakhs as of March 31, 2019.

DISCUSSION ON FINANCIAL CONDITION UNDER OUR INDIAN GAAP FINANCIAL STATEMENTS

Total Assets

The table below sets out the principal components of our assets as of the dates indicated:

	As of March 31,	
	2017	**2018**
	(₹ lakhs)	
Non-Current Assets		
Fixed Assets		
(i) Tangible Assets/Property, Plant and Equipment	11,813	14,006
(ii) Intangible Assets	2,195	2,070
	14,008	**16,076**
Non-Current Investments	19,244	23,827
Deferred Tax Assets (Net)	31,516	33,956
Receivables under Financing Activity	19,93,996	25,98,947
Long-Term Loans and Advances	11,723	18,232
Other Non-Current Assets	54,156	52,405
	21,24,643	**27,43,442**
Current Assets		
Current Investments	4,610	8,072
Cash and Cash Equivalents	48,698	39,251
Receivables under Financing Activity	8,47,526	11,21,169
Short-Term Loans and Advances	5,110	2,973
Other Current Assets	41,527	35,551
	9,47,471	**12,07,015**
Total Assets	**30,72,114**	**39,50,457**

Total assets increased by 28.6% from ₹ 30,72,114 lakhs as of March 31, 2017 to ₹ 39,50,457 lakhs as of March 31, 2018. This increase was primarily due to the reasons discussed below.

Non-Current Assets

Fixed Assets. Fixed assets increased by 14.8% from ₹ 14,008 lakhs as of March 31, 2017 to ₹ 16,076 lakhs as of March 31, 2018. This increase was primarily due to acquisition of assets for branch expansion and relocation of branches and investment made towards information technology infrastructure of our Company.

Non-Current Investments. Non-current investments increased by 23.8% from ₹ 19,244 lakhs as of March 31, 2017 to ₹ 23,827 lakhs as of March 31, 2018. This increase was primarily due to increase in investments made in pass through certificates on account of securitization transactions.

Deferred Tax Assets (net). Deferred tax assets (net) increased by 7.7% from ₹ 31,516 lakhs as of March 31, 2017 to ₹ 33,956 lakhs as of March 31, 2018. This increase was primarily due to an increase in provision for standard assets that increased by 34.6% from ₹ 3,767 lakhs as of March 31, 2017 to ₹ 5,071 lakhs as of March 31, 2018.

Receivables under Financing Activity. Receivables under financing activity increased by 30.3% from ₹ 19,93,996 lakhs as of March 31, 2017 to ₹ 25,98,947 lakhs as of March 31, 2018. This increase was primarily due to growth in disbursements thereby increase the loan book base.

Long-Term Loans and Advances. Long-term loans and advances increased by 55.5% from ₹ 11,723 lakhs as of March 31, 2017 to ₹ 18,232 lakhs as of March 31, 2018. This increase was primarily due to an increase in unsecured security deposits that increased from ₹ 757 lakhs as of March 31, 2017 to ₹ 1,765 lakhs as of March 31, 2018, and increase in advance tax (net of provision for tax) by 53.7% from ₹ 10,387 lakhs as of March 31, 2017 to ₹ 15,961 lakhs as of March 31, 2018.

Other Non-Current Assets. Other non-current assets decreased by 3.2% from ₹ 54,156 lakhs as of March 31, 2017 to ₹ 52,405 lakhs as of March 31, 2018. This decrease was primarily due to a decrease in security deposits with banks – free of lien that decreased by 56.2% from ₹ 1,634 lakhs as of March 31, 2017 to ₹ 716 lakhs as of March 31, 2018, and decrease in prepaid finance charges that decreased by 3.7% from ₹ 3,208 lakhs as of March 31, 2017 to ₹ 3,089 lakhs as of March 31, 2018.

Current Assets

Current Investments. Current investments increased by 75.1% from ₹ 4,610 lakhs as of March 31, 2017 to ₹ 8,072 lakhs as of March 31, 2018. This increase was primarily due to an increase in current portion of long-term investment in pass through certificates.

Cash and Cash Equivalents. Cash and cash equivalents decreased by 19.4% from ₹ 48,698 lakhs as of March 31, 2017 to ₹ 39,251 lakhs as of March 31, 2018. This decrease was primarily due to a decrease in other bank balances in earmarked accounts – deposits with banks as collateral towards assets derecognized by 11.3% from ₹ 67,223 lakhs as of March 31, 2017 to ₹ 59,648 lakhs as of March 31, 2018.

Receivables under Financing Activity. Receivables under financing activity increased by 32.3% from ₹ 8,47,526 lakhs as of March 31, 2017 to ₹ 11,21,169 lakhs as of March 31, 2018. This increase was primarily due to an increase in secured automobile financing, loans against immoveable property, construction equipment financing and installments and other dues from borrowers.

Short-Term Loans and Advances. Short-term loans and advances decreased by 41.8% from ₹ 5,110 lakhs as of March 31, 2017 to ₹ 2,973 lakhs as of March 31, 2018. This decrease was primarily due to a decrease in inter-corporate deposits placed with subsidiary from ₹ 1,000 lakhs as of March 31, 2017 to no such deposit as of March 31, 2018.

Other Current Assets. Other current assets decreased by 14.4% from ₹ 41,527 lakhs as of March 31, 2017 to ₹ 35,551 lakhs as of March 31, 2018.

Total Liabilities

Our total liabilities as of the specified dates are set out below:

	As of March 31,	
	2017	2018
	(₹ lakhs)	
Non-Current Liabilities		
Long-Term Borrowings	15,10,457	20,54,516
Other Long-Term Liabilities	19,693	12,972
Long-Term Provisions	58,621	65,558
	15,88,771	**21,33,046**
Current Liabilities		
Short-Term Borrowings	3,36,664	3,68,237
Trade Payables		
(i) Dues to micro and small enterprises	-	-
(ii) Other trade payables	27,513	36,062
Current Maturities of Long-Term Borrowings	5,73,556	7,67,474
Other Current Liabilities	1,05,682	1,19,740
Short-Term Provisions	8,644	10,876
	10,52,059	**13,02,390**
Total Liabilities	**26,40,830**	**34,35,435**

Total liabilities increased by 30.1% from ₹ 26,40,830 lakhs as of March 31, 2017 to ₹ 34,35,435 lakhs as of March 31, 2018. This increase was primarily due to the reasons discussed below.

Non-Current Liabilities

Long-Term Borrowings. Long-term borrowings increased by 36.0% from ₹ 15,10,457 lakhs as of March 31, 2017 to ₹ 20,54,516 lakhs as of March 31, 2018. This increase was primarily due to an increase in term loans (rupee loans from banks – secured) from ₹ 3,39,066 lakhs as of March 31, 2017 to ₹ 8,19,200 lakhs as of March 31, 2018.

Other Long-Term Liabilities. Other long-term liabilities decreased by 34.1% from ₹ 19,693 lakhs as of March 31, 2017 to ₹ 12,972 lakhs as of March 31, 2018. This decrease was primarily due to a decrease in financial liabilities on derivative transactions by 57.5% from ₹ 10,103 lakhs as of March 31, 2017 to ₹ 4,289 lakhs as of March 31, 2018.

Long-Term Provisions. Long-term provisions increased by 11.8% from ₹ 58,621 lakhs as of March 31, 2017 to ₹ 65,558 lakhs as of March 31, 2018. This increase was primarily due to an increase in provision for standard assets that increased by 33.9% from ₹ 7,461 lakhs as of March 31, 2017 to ₹ 9,992 lakhs as of March 31, 2018.

Current Liabilities

Short-Term Borrowings. Short-term borrowings increased by 9.4% from ₹ 3,36,664 lakhs as of March 31, 2017 to ₹ 3,68,237 lakhs as of March 31, 2018. This increase was primarily due to an increase in working capital demand loans and cash credit from banks (secured) from ₹ 66,314 lakhs as of March 31, 2017 to ₹ 1,38,133 lakhs as of March 31, 2018.

Trade Payables. Trade payables increased by 31.1% from ₹ 27,513 lakhs as of March 31, 2017 to ₹ 36,062 lakhs as of March 31, 2018. This increase was primarily due to provision made for routine business expenditures which is commensurate with growth in our business.

Current Maturities of Long-Term Borrowings. Current maturities of long-term borrowings increased by 33.8% from ₹ 5,73,556 lakhs as of March 31, 2017 to ₹ 7,67,474 lakhs as of March 31, 2018. This increase was primarily due to increase in long term borrowing which is a consequent effect of borrowing mix and maturity pattern.

Other Current Liabilities. Other current liabilities increased by 13.3% from ₹ 1,05,682 lakhs as of March 31, 2017 to ₹ 1,19,740 lakhs as of March 31, 2018. This increase was primarily due to an increase in interest accrued but not due on borrowings/ other deposits by 14.4% from ₹ 67,527 lakhs as of March 31, 2017 to ₹ 77,230 lakhs as of March 31, 2018.

Short-Term Provisions. Short-term provisions increased by 25.8% from ₹ 8,644 lakhs as of March 31, 2017 to ₹ 10,876 lakhs as of March 31, 2018. This increase was primarily due to an increase in provision for standard assets by 32.1% from ₹ 3,423 lakhs as of March 31, 2017 to ₹ 4,521 lakhs as of March 31, 2018, and an increase in provision for contingencies by 3.3% from ₹ 2,948 lakhs as of March 31, 2017 to ₹ 3,045 lakhs as of March 31, 2018.

Shareholders' Funds

Shareholders' funds comprise share capital and reserves and surplus.

The following table sets out the shareholders' funds as of March 31, 2017 and 2018:

	As of March 31,	
	2017	2018
	(₹ lakhs)	
Shareholders' Funds		
Share Capital	15,634	15,640
Reserves and Surplus	4,15,633	4,99,382
Total	**4,31,267**	**5,15,022**

LIQUIDITY AND CAPITAL RESOURCES

Capital Requirements

We fund our operations through equity share capital and other equity, which includes retained profits, and borrowings. Our primary source of funding is borrowings. Our strategy is to raise long-term borrowings and maintain a judicious mix of borrowings between banks, money markets and deposits.

Our objective is to maintain appropriate levels of capital to support our business strategy taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital base to support the risks inherent to our business and growth strategies. We endeavor to maintain a higher capital base than the mandated regulatory capital at all times.

Our assessment of our capital requirements is aligned to our planned growth, which forms part of an annual operating plan, which is approved by the Board and also a long-range strategy. These growth plans are aligned to assessment of risks, which include credit, liquidity and interest rate.

We monitor our capital to risk-weighted assets ratio ("**CRAR**") on a monthly basis through our Asset Liability Management Committee.

Capital to Risk (Weighted) Assets Ratio

Pursuant to adoption of Ind AS by NBFCs, the RBI is yet to provide clarification on the basis/ manner of computation of certain regulatory disclosures, including CRAR, as per the extant regulations which require presentation of various information in the notes to our Company's financial statements. Pending clarification from RBI, our Company has prepared the disclosures by making material/ significant adjustments necessary to the Ind AS Standalone Financial Statements for Fiscal 2019 to comply with Regulatory GAAP.

The tables below sets forth details of our Company's CRAR as of the dates indicated under Regulatory GAAP:

Particulars	**As of September 30,**		**As of March 31,**
	2018	**2019**	**2019**
	(₹ lakhs except percentages)		
Tier I Capital	5,61,552	6,79,410	6,13,435
Tier II Capital	2,23,029	2,22,679	2,42,534
Total Capital	7,84,550	**9,02,089**	**8,55,969**
Total Risk Weighted Assets	**42,76,986**	**52,77,579**	**49,30,327**
Capital Ratios			
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	13.1%	12.9%	12.4%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	5.2%	4.2%	4.9%
Total (%))	**18.3%**	**17.1%**	**17.4%**

DISCUSSION ON CASH FLOWS UNDER OUR IND AS FINANCIAL STATEMENTS

The following table sets forth certain information relating to our cash flows under Ind AS in the periods indicated:

Particulars	**Fiscal**		**Six Months ended September 30, 2019**
	2018	**2019**	
	(₹ lakhs)		
Net cash (used in) operating activities	(7,92,291)	(9,29,381)	(2,61,360)
Net cash (used in) investing activities	(6,279)	(358)	(3,331)
Net cash from financing activities	7,96,545	12,18,253	5,02,762
Net (decrease)/ increase in cash and cash equivalents	(2,025)	2,88,514	2,38,071
Cash and cash equivalents at the end of the period/ year	25,379	3,13,893	5,51,965

Operating Activities

Six Months ended September 30, 2019

In the six months ended September 30, 2019, net cash used in operating activities was ₹ 2,61,360 lakhs. Profit before tax was ₹ 1,00,631 lakhs in the six months ended September 30, 2019 and adjustments to reconcile profit before tax to operating profit before working capital changes consisted of finance costs of ₹ 2,26,393 lakhs, impairment of financial instruments of ₹ 20,468 lakhs and depreciation and amortization expense of ₹ 4,952 lakhs. Adjustments to reconcile operating profit before working capital changes to net cash flows primarily consisted of increase in loans of ₹ 5,47,642 lakhs, and other financial assets of ₹ 16,332 lakhs. This was partially offset by increase in other financial liabilities of ₹ 9,050 lakhs.

Fiscal 2019

In Fiscal 2019, net cash used in operating activities was ₹ 9,29,381 lakhs. Profit before tax was ₹ 1,82,315 lakhs in Fiscal 2019 and adjustments to reconcile profit before tax to operating profit before working capital changes consisted of finance costs of ₹ 3,58,874 lakhs, impairment of financial instruments of ₹ 31,120 lakhs and depreciation and amortization expense of ₹ 5,548 lakhs. Adjustments to reconcile operating profit before working capital changes to net cash flows primarily consisted of increase in loans of ₹ 11,86,243 lakhs, and other financial assets of ₹ 4,702 lakhs. This was partially offset by increase in payables of ₹ 5,850 lakhs.

Fiscal 2018

In Fiscal 2018, net cash used in operating activities was ₹ 7,92,291 lakhs. Profit before tax was ₹ 1,40,137 lakhs in Fiscal 2018 and adjustments to reconcile profit before tax to operating profit before working capital changes consisted of finance costs of ₹ 2,65,933 lakhs, impairment of financial instruments of ₹ 30,370 lakhs, and depreciation and amortization expense of ₹ 4,968 lakhs. Adjustments to reconcile operating profit before working capital changes to net cash flows primarily consisted of increase in loans of ₹ 9,33,699 lakhs. This was partially offset by increase in payables of ₹ 8,016 lakhs.

Investing Activities

Six Months ended September 30, 2019

Net cash used in investing activities was ₹ 3,331 lakhs in the six months ended September 30, 2019, primarily on account of movement of investment (net) of ₹ 706 lakhs and purchase of property, plant and equipment and intangible assets of ₹ 4,073 lakhs.

Fiscal 2019

Net cash used in investing activities was ₹ 358 lakhs in Fiscal 2019, primarily on account of purchase of investment designated as FVTPL of ₹ 1,29,48,000 lakhs and purchase of property, plant and equipment and intangible assets of ₹ 5,880 lakhs. This was significantly offset by proceeds from sale of investment designated at FVTPL of ₹ 1,29,54,328 lakhs.

Fiscal 2018

Net cash used in investing activities was ₹ 6,279 lakhs in Fiscal 2018, primarily on account of purchase of investment designated as FVTPL of ₹ 21,53,500 lakhs, and purchase of property, plant and equipment and intangible assets of ₹ 7,169 lakhs. This was significantly offset by proceeds from sale of investment designated at FVTPL of ₹ 21,54,491 lakhs.

Financing Activities

Six Months ended September 30, 2019

Net cash generated from financing activities was ₹ 5,02,762 lakhs in the six months ended September 30, 2019, primarily on account of proceeds from issue of debt securities of ₹ 11,60,136 lakhs, and borrowings other than debt securities of ₹ 19,05,126 lakhs. This was partially offset by redemption of debt securities of ₹ 12,38,104 lakhs and repayment of borrowings other than debt securities of ₹ 12,77,805 lakhs.

Fiscal 2019

Net cash generated from financing activities was ₹ 12,18,253 lakhs in Fiscal 2019, primarily on account of proceeds from issue of debt securities of ₹ 17,08,570 lakhs, and borrowings other than debt securities of ₹ 32,64,002 lakhs. This was partially offset by redemption of debt securities of ₹ 17,36,533 lakhs and repayment of borrowings other than debt securities of ₹ 20,79,556 lakhs.

Fiscal 2018

Net cash generated from financing activities was ₹ 7,96,545 lakhs in Fiscal 2018, primarily on account of proceeds from issue of debt securities of ₹ 14,07,516 lakhs, and borrowings other than debt securities of ₹ 16,20,217 lakhs. This was partially offset by redemption of debt securities of ₹ 13,03,148 lakhs and repayment of borrowings other than debt securities of ₹ 9,86,335 lakhs.

DISCUSSION ON CASH FLOWS UNDER OUR INDIAN GAAP FINANCIAL STATEMENTS

The following table sets forth certain information relating to our cash flows under Indian GAAP in the periods indicated:

Particulars	Fiscal	
	2017	2018
	(₹ lakhs)	
Net cash (used in) operating activities	(1,32,034)	(7,59,621)
Net cash (used in) investing activities	(20,155)	(7,928)
Net cash from financing activities	1,52,977	7,65,525
Net increase/ (decrease) in cash and cash equivalents	788	(2,025)
Cash and cash equivalents at the end of the year	27,404	25,379

Operating Activities

Fiscal 2018

In Fiscal 2018, net cash used in operating activities was ₹ 7,59,621 lakhs. Profit before tax was ₹ 1,48,331 lakhs in Fiscal 2018 and adjustments to reconcile profit before tax to operating profit before working capital changes consisted of finance costs of ₹ 2,30,785 lakhs. Adjustments to reconcile operating profit before working capital changes to net cash flows primarily consisted of increase in operating assets – current of ₹ 6,37,986 lakhs, and increase in in-operating assets – non-current of ₹ 6,05,915 lakhs. This was partially offset by increase in securitization/ assignment of receivables of ₹ 3,35,450 lakhs.

Fiscal 2017

In Fiscal 2017, net cash used in operating activities was ₹ 1,32,034 lakhs. Profit before tax was ₹ 1,10,558 lakhs in Fiscal 2017 and adjustments to reconcile profit before tax to operating profit before working capital changes consisted of finance costs of ₹ 2,23,080 lakhs. Adjustments to reconcile operating profit before working capital changes to net cash flows primarily consisted of increase in operating assets – current of ₹ 5,72,578 lakhs, and increase in in-operating assets – non-current of ₹ 1,85,455 lakhs. This was partially offset by increase in securitization/ assignment of receivables of ₹ 4,74,101 lakhs.

Investing Activities

Fiscal 2018

Net cash used in investing activities was ₹ 7,928 lakhs in Fiscal 2018, primarily on account of purchase of other investments of ₹ 21,53,500 lakhs, which was partially offset by proceeds from sale of other investments of ₹ 21,45,784 lakhs.

Fiscal 2017

Net cash used in investing activities was ₹ 20,155 lakhs in Fiscal 2017, primarily on account of purchase of other investments of ₹ 28,09,000 lakhs, which was partially offset by proceeds from sale of other investments of ₹ 27,92,302 lakhs.

Financing Activities

Fiscal 2018

Net cash generated from financing activities was ₹ 7,65,525 lakhs in Fiscal 2018, primarily on account of borrowings from banks – term loans of ₹ 8,15,200 lakhs, and proceeds from issue of long-term debentures of ₹ 5,24,016 lakhs. This was partially offset by redemption of long-term debentures of ₹ 3,29,020 lakhs and repayment of term loans from banks of ₹ 2,74,167 lakhs.

Fiscal 2017

Net cash generated from financing activities was ₹ 1,52,977 lakhs in Fiscal 2017, primarily on account of proceeds from issue of long-term debentures of ₹ 7,41,800 lakhs, and term loan borrowings of ₹ 4,15,900 lakhs. This was partially offset by redemption of long-term debentures of ₹ 1,74,040 lakhs and repayment of term loans from banks of ₹ 7,57,177 lakhs.

Maturity Pattern of Assets and Liabilities

For information on the maturity pattern of our Company's liabilities and assets as at September 30, 2019 on a standalone basis, see "*Selected Statistical Information – Asset-Liability Management*" on page 55.

CAPITAL EXPENDITURES

Our capital expenditures consist principally of branch network expansion as well as investments in technology and communication infrastructure. We incurred aggregate capital expenditures on additions to property, plant and equipment excluding right of use assets of ₹ 3,737 lakhs, and on additions to intangible assets of ₹ 660 lakhs during the six months ended September 30, 2019, as per Ind AS. We incurred aggregate capital expenditures on additions to property, plant and equipment ₹ 4,204 lakhs and ₹ 5,958 lakhs and the addition to intangible assets of ₹ 1,676 lakhs and ₹ 1,211 lakhs in Fiscals 2019 and 2018, respectively, as per Ind AS. We incurred aggregate capital expenditures on additions to property, plant and equipment for ₹ 5,957 lakhs and the addition to intangible assets (acquired) of ₹ 1,211 lakhs and aggregate capital expenditures on additions to tangible assets/ property, plant and equipment for ₹ 4,187 lakhs and the addition to intangible assets (acquired) of ₹ 2,557 lakhs in Fiscal 2018 and Fiscal 2017, respectively, as per Indian GAAP.

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

Contingent Liabilities

As of September 30, 2019, our contingent liabilities disclosed in our audited financial statements as per Ind AS 37 are set forth below:

Particulars	Amount (₹ lakhs)
Income tax and interest on tax issues where the Company has gone on appeal	17,316
Decided in the Company's favour by appellate authorities and for which the department is on further appeal with respect to income tax	21,292
Sales tax issues pending before appellate authorities in respect of which the Company is on appeal.	2,657
Service tax issues pending before appellate authorities in respect of which the Company is on appeal.	19,978
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	8,553

Off-Balance Sheet Arrangements

Other than as disclosed in this Preliminary Placement Document, we have no other off-balance sheet arrangements that materially affect our financial condition or results of operations. For details of our assignment transactions during Fiscal 2018 and 2019 and in the six months ended September 30, 2019, see "*Selected Statistical Information – Assignment and Securitization*" on page 54.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual obligations as of September 30, 2019, aggregated by type of contractual obligation:

Particulars	**As of September 30, 2019**				
	Payment due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(₹ lakhs)				
Contractual obligations (Works Contract)	1,526	1,526	-	-	-
Disbursement – undrawn lines	83,569	83,569	-	-	-
Total	**85,095**	**85,095**	-	-	-

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Related Party Transactions*" on page 60.

INTEREST COVERAGE RATIO

As of September 30, 2019 and as of March 31, 2019 and 2018, the interest coverage ratio of our Company under Ind As was as below:

Particulars	**September 30, 2019**	**Fiscal 2019**	**Fiscal 2018**
Interest Coverage Ratio (%) **	1.47	1.52	1.55

*** Interest Coverage Ratio = (Profit before tax + Finance Cost + Depreciation & amortization expense) /Finance Cost*

As of March 31, 2017 and 2018, the interest coverage ratio of our Company under Indian GAAP was as below:

Particulars	**Fiscal 2018**	**Fiscal 2017**
Interest Coverage Ratio (%) **	1.66	1.51

*** Interest Coverage Ratio = (Profit before tax + Finance Cost + Depreciation & amortization expense) /Finance Cost*

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during Fiscal 2017, 2018, 2019, the six months ended September 30, 2019 and the nine months ended December 31, 2019, except for the changes as necessitated by applicable laws.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information on our qualitative market risks, see "*Business – Risk Management*". Disclosure in relation to our quantitative and qualitative risk has been made in accordance with Ind AS 107, for further information, see note 42 to the audited standalone financial statements for Fiscal 2019, included in "*Financial Statements*" on page 241.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2019 THAT MAY AFFECT OUR FUTURE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except as disclosed below and elsewhere in this Preliminary Placement Document, to our knowledge no circumstances have arisen since the date of the last financial information disclosed in this Preliminary Placement Document which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Issuance of Rupee Denominated Bonds

Our Company has issued unsecured, non-convertible, 10 year Rupee denominated debentures aggregating ₹40,000 lakhs to CDC Group Plc. on January 10, 2020. For further information, see "*Capitalization Statement*" on page 91.

Preferential Allotment

Our Board has, pursuant to a resolution dated January 23, 2020, and subject to the approval of our Shareholders, approved an issue of equity shares by way of preferential issue to Cholamandalam Financial Holdings Limited, a promoter entity, up to an amount not exceeding ₹ 30,000 lakhs in one or more tranches at a price in accordance with Chapter V of the SEBI Regulations. For further information, see "*Capitalization Statement*" and "*Capital Structure*" on pages 91 and 92, respectively.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS OF THE UNAUDITED STANDALONE DECEMBER FINANCIAL RESULTS

NINE MONTHS ENDED DECEMBER 31, 2019 COMPARED TO NINE MONTHS ENDED DECEMBER 31, 2018

The following table sets forth certain information relating to our results of operations for the nine months ended December 31, 2018 and 2019:

Particulars	**Nine Months Ended December 31,**			
	2018		**2019**	
	(₹ lakhs)	**Percentage of Total Income**	**(₹ lakhs)**	**Percentage of Total Income**
Revenue from Operations	5,10,689	100.0%	6,50,130	100.0%
Other income	41	0.0%	14	0.0%
Total Income	**5,10,730**	**100.0%**	**6,50,144**	**100.0%**
Expenses				
Finance Costs	2,60,233	**51.0%**	3,45,634	**53.2%**
Impairment on Financial Instruments	25,563	**5.0%**	34,065	**5.2%**
Employee Benefits Expense	41,718	**8.2%**	49,505	**7.6%**
Depreciation and Amortization expense	4,049	**0.8%**	8,090	**1.2%**
Other Expenditure	42,987	**8.4%**	60,009	**9.2%**
Total expenses	**3,74,550**	**73.3%**	**4,97,303**	**76.5%**
Profit before tax	**1,36,180**	**26.7%**	**1,52,841**	**23.5%**
Tax expense/(benefit)				
(a) Current tax	51,108	**10.0%**	43,194	**6.6%**
(b) Deferred tax	(4,357)	**(0.9%)**	8,676	**1.3%**
Total tax expense	**46,751**	**9.2%**	**51,870**	**8.0%**
Profit after tax	**89,429**	**17.5%**	**1,00,971**	**15.5%**
Other comprehensive income				
a. (i) Items that will not reclassified to profit or loss	(441)	**(0.1%)**	(350)	**(0.1%)**
(ii) Income tax relating to that will not reclassified to profit or loss	150	**0.0%**	88	**0.0%**
b. (i) Items that will be reclassified to profit or loss	2,492	**0.5%**	(2,285)	**(0.4%)**
(ii) Income tax relating to that will be reclassified to profit or loss	(751)	**(0.1%)**	1,512	**0.2%**
Total comprehensive income for the period	**90,879**	**17.8%**	**99,936**	**15.4%**

Total Income

Total income increased by 27.3% from ₹ 5,10,730 lakhs in the nine months ended December 31, 2018 to ₹ 6,50,144 lakhs in the nine months ended December 31, 2019 primarily due to the reasons discussed below:

Revenue from Operations

Revenues from operations increased by 27.3% from ₹ 5,10,689 lakhs in the nine months ended December 31, 2018 to ₹ 6,50,130 lakhs in the nine months ended December 31, 2019, primarily due to an increase in interest income, and an increase in net gain on derecognition of financial instruments under amortized cost category. This increase was partially offset by a decrease in income from sale of services.

Other Income

Other income decreased by 65.9% from ₹ 41 lakhs in the nine months ended December 31, 2018 to ₹ 14 lakhs in the nine months ended December 31, 2019.

Expenses

Total expenses increased by 32.8% from ₹ 3,74,550 lakhs in the nine months ended December 31, 2018 to ₹ 4,97,303 lakhs in the nine months ended December 31, 2019, primarily due to the reasons discussed below:

Finance Costs

Finance costs increased by 32.8% from ₹ 2,60,233 lakhs in the nine months ended December 31, 2018 to ₹ 3,45,634 lakhs in the nine months ended December 31, 2019 primarily due to an increase in the quantum and cost of our borrowing.

Impairment of Financial Instruments

Impairment of financial instruments increased by 33.3% from ₹ 25,563 lakhs in the nine months ended December 31, 2018 to ₹ 34,065 lakhs in the nine months ended December 31, 2019 primarily due to higher number of repossessions and reduced recovery as a result of strain in the macro economic environment.

Employee Benefit Expenses

Employee benefit expense increased by 18.7% from ₹ 41,718 lakhs in the nine months ended December 31, 2018 to ₹ 49,505 lakhs in the nine months ended December 31, 2019 primarily due to an increase in the number of employees to support expansion of our Company's branch network and growth in business.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 99.8% from ₹ 4,049 lakhs in the nine months ended December 31, 2018 to ₹ 8,090 lakhs in the nine months ended December 31, 2019 primarily due to increase in capital expenditure incurred towards improving our branch infrastructure, expanding our branch network and information technology platform, recognition of right to use assets – buildings on implementation of Ind AS 116.

Other Expenses

Other expenses increased by 39.6% from ₹ 42,987 lakhs in the nine months ended December 31, 2018 to ₹ 60,009 lakhs in the nine months ended December 31, 2019 primarily due to an increase in collection and outsourcing costs for maintaining asset quality and improving collection efficiency.

Profit before Tax

For the reasons discussed above, profit before tax increased from ₹ 1,52,841 lakhs in the nine months ended December 31, 2019 to ₹ 1,36,180 lakhs in the nine months ended December 31, 2018.

Tax Expense

Current tax decreased from ₹ 51,108 lakhs in the nine months ended December 31, 2018 to ₹ 43,194 lakhs in the nine months ended December 31, 2019, primarily on account of reduction in corporate tax rate. This decrease was offset by an increase in deferred tax from a benefit of ₹ 4,357 lakhs in the nine months ended December 31, 2018 resulting in charge of ₹ 8,676 lakhs towards expense in the nine months ended December 31, 2019.

Profit for the Period

For the various reasons discussed above, we recorded a profit for the period of ₹ 1,00,971 lakhs in nine months ended December 31, 2019 compared to ₹ 89,429 lakhs in the nine months ended December 31, 2018.

Total Comprehensive Income for the Period

Total comprehensive income for the period was ₹ 99,936 lakhs in the nine months ended December 31, 2019 compared to ₹ 90,879 lakhs in the nine months ended December 31, 2018.

SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO OUR FINANCIAL STATEMENTS PREPARED UNDER IND AS AND THOSE PREPARED UNDER INDIAN GAAP

SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

Financial Instruments – Initial Recognition

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.

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 fair value through profit and loss (“FVTPL”), where the transaction costs are charged to the statement of profit and loss.

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

Financial Assets and Liabilities

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.

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.

SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial instrument 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.

Equity Instruments

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 – *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income ("OCI"). Equity instruments at FVOCI are not subject to an impairment assessment.

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.

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.

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, during the period.

Derecognition of Financial Assets and Liabilities

Derecognition of Financial Assets other than due to Substantial Modification

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 (the '), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

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.

Impairment of Financial Assets

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 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 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 I, Stage II and Stage III, as described below:

Stage I:

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage I loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage II.

Stage II:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage II loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage III.

Stage III:

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.

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:

Probability of Default ("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.

Exposure at Default ("EAD")

The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage I and Stage II), 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 III loans EAD represents exposure when the default occurred.

Loss Given Default ("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 I:

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 II:

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 III:

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.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

Collateral Repossessed

In connection with recovery of outstanding dues from borrowers, the Company from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans, and in certain cases, also exercises its right over property through legal procedures which include seizure of property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Company'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.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

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.

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:

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Recognition of Interest Income

Effective Interest Rate Method

Under Ind AS 109 interest income is recorded using the effective interest rate ("EIR") method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. The Company 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. Interest income on Stage 3 Loans is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

Taxes

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.

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.

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 Schedule 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 evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

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, except as indicated below. 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 assessment (supported by technical evaluation):

Asset Description	Estimated Useful Life
Furniture and Fixtures*	5 years
Vehicles*	5 years

**Estimated useful life of these assets based on usage and replacement policy of such assets.*

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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.

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.

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 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.

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

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 reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

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.

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 a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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 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.

Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Interest on Overdue Balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

Fee Income and 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.

Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, 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.

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, and when there is no uncertainty in availing / utilising the same. Company can avail 50% of the input credit as per the applicable regulatory laws and hence it charges off the balance 50% to the respective expenses.

Foreign Currency transactions

The Company's financial statements are presented in Indian Rupees which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

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.

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".

Equity Investment in Subsidiaries and Associates

Investment in Subsidiaries and Associates are carried at cost in the Standalone Financial Statements as permitted under Ind AS 27.

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.

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.

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-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 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. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. ROU 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-of-use asset if the Company 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 Company are classified as financing cash flows.

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.

Significant Accounting Policies under Indian GAAP

For details on our significant accounting policies under Indian GAAP for Fiscal 2018 and Fiscal 2017, see note 1.1 in "*Financial Statements – Audited Standalone Financial Statements for Fiscal 2018*" and note 1 in "*Financial Statements – Audited Standalone Financial Statements for Fiscal 2017*" on pages 600 and 702, respectively.

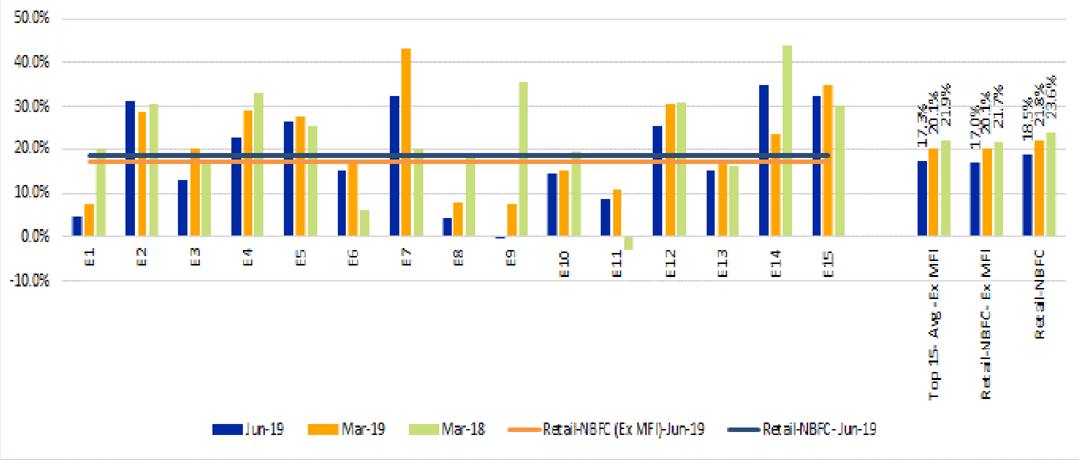
INDUSTRY OVERVIEW

*Unless otherwise indicated or the context otherwise requires, the information in this section is obtained or extracted from "Retail – NBFC Credit Trends" dated October 2019 (the "**ICRA Report**") prepared and issued by ICRA Limited. Neither we nor any other person connected with the Issue have independently verified the information in this section. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

INDUSTRY AND GROWTH TRENDS

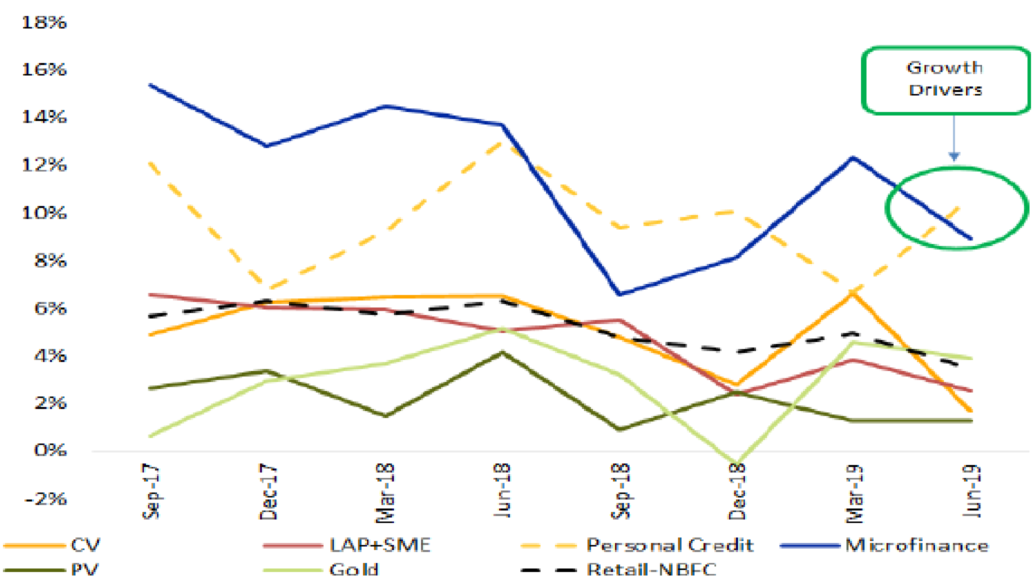
Retail non-banking financial companies' ("**NBFC**") assets under management ("**AUM**") growth in India reduced in the first quarter of Fiscal 2020 as all the key segments, except personal credit, experienced a slowdown in growth. Microfinance segment growth continued to remain strong and higher than most of the other asset classes, despite of a decrease in the first quarter of Fiscal 2020. The liquidity scenario of Retail-NBFCs was relatively better in comparison with their counterparts in the wholesale segment as they were able to raise funds through portfolio sell-downs, while better-rated entities had access to bank and market funding. The relatively well-managed NBFCs continued to report good asset quality indicators, which further supported their overall risk profile and growth. However, credit flow to lower-rated NBFCs remained muted which impacted the overall credit growth. Further, the continued weak offtake in the vehicle segment and demand in the small and medium-sized enterprises ("**SME**") segments impacted the growth. As of June 30, 2019, Retail-NBFCs credit amounted to ₹ 9.22 trillion (which was the aggregation of the 55 leading NBFCs (non-micro finance institutions in India with a retail book and microfinance exposure of NBFC/ NBFC-MFIs according to Microfinance Institutions Network ("**MFIN**") information and excluded Bharat Financial Inclusion which merged with IndusInd Bank and Capital First Limited, which merged with IDFC Bank).

*15 Leading Retail-NBFCs – year-on-year ("**YoY**") AUM Growth Trends*



Source: ICRA research, company/company investor presentations; Only retail credit is considered for computing growth, excludes microfinance

Retail-NBFC fourth quarter Growth Drivers – quarter-on-quarter Growth Trends



Source: ICRA research, company/company investor presentations

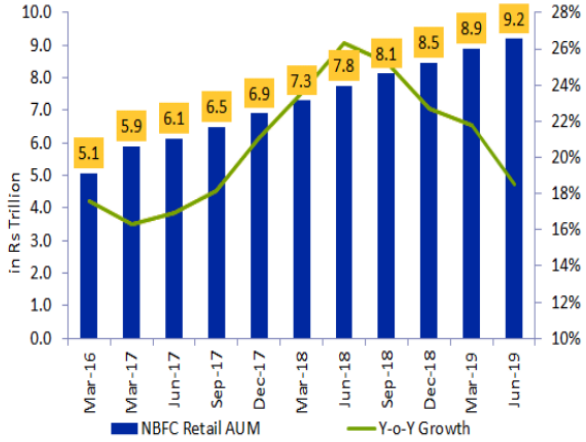
Retail-NBFC credit also excludes entities converted to banks and small finance banks ("**SFBs**"). Out of the 15 leading-NBFCs with a focus on retail credit, seven registered higher YoY AUM growth in comparison with the industry average in the first quarter of Fiscal 2020. Entities which grew at a faster rate were those with an exposure to vehicle finance and consumer/ personal credit.

The YoY AUM growth of Retail-NBFCs reduced to 18.5% in the first quarter of Fiscal 2020 from approximately 22% in Fiscal 2019 and 24% in Fiscal 2018, as demand reduced in the vehicle segment, which contributed almost 50% to the Retail-NBFC AUM, continued to impact the growth. Further, the weaker offtake in the SME segment (22% of AUM) led to slower growth with NBFCs becoming more cautious towards this segment, given the weaker credit flow to the segment with the operating environment becoming weaker for these borrowers.

For the top 15 entities with Retail-NBFC AUM, excluding microfinance, accounted for approximately 70% of the total Retail-NBFC AUM, excluding microfinance, indicated that the YoY portfolio growth reduced from 20% in Fiscal 2019 to 17% in the first quarter of Fiscal 2020. Increase in the share of unsecured personal credit, including microfinance, in overall Retail-NBFC credit remains monitorable.

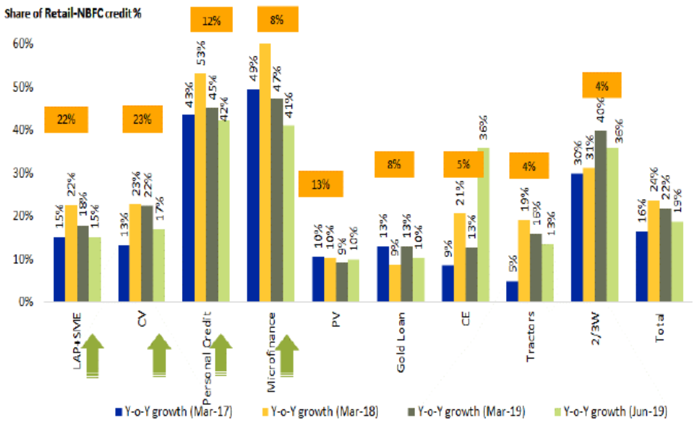
The share increased to 20% in June 2019 from 13% in March 2017.

Retail-NBFC AUM YoY Growth Trends



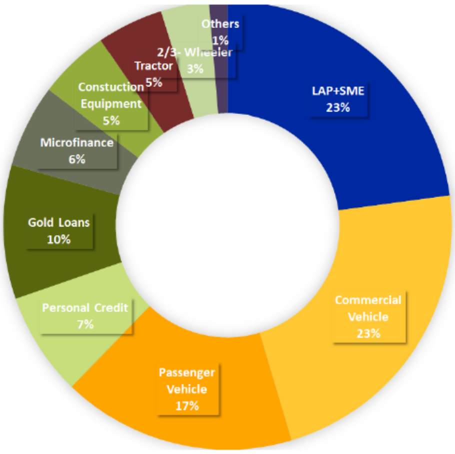
Source: ICRA research, company/company investor presentations, MFIN; Note: AUM excludes Capital First Limited, which merged with IDFC Bank, and BFIL, which merged with IndusInd

Asset Class-wise Growth Trends

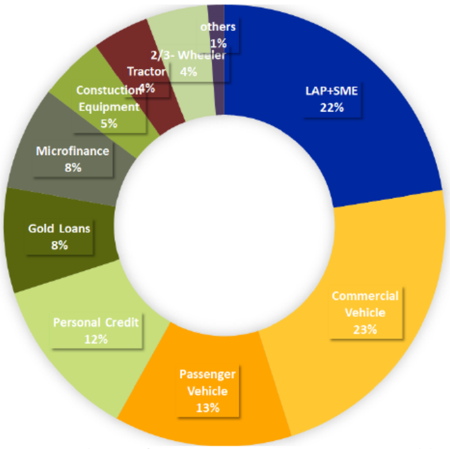


Source: ICRA research, company/company investor presentations, MFIN; Note: AUM excluding Capital First Limited, which merged with IDFC Bank and BFIL, which merged with IndusInd

Retail – NBFC Credit Breakup – March 2017



Retail – NBFC Credit Breakup – June 2019

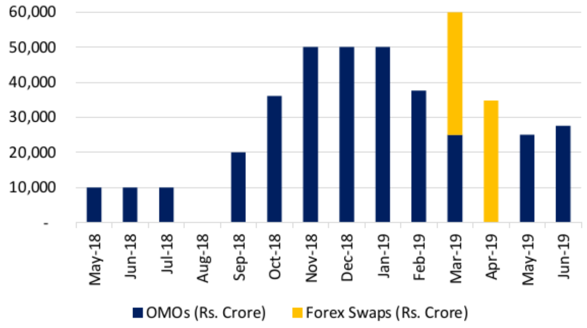


Source: ICRA research, company/company investor presentations, MFIN; Note: AUM excluding Capital First Limited and BFIL

FUNDING AND LIQUIDITY

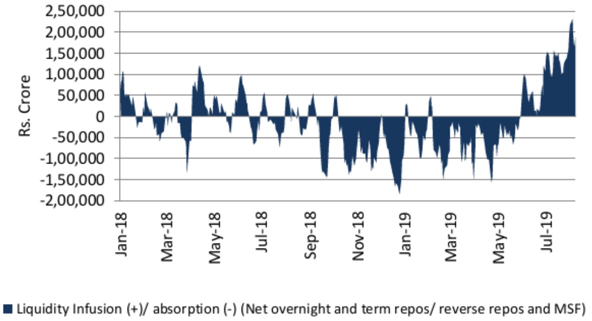
RBI infused liquidity. Systemic liquidity has remained in surplus since June 2019

Open Market Operations and Forex Swaps



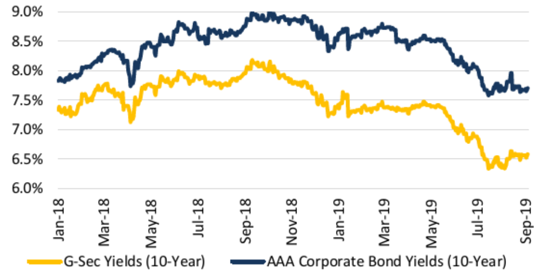
Source: RBI, ICRA research

Daily liquidity infusion/ absorption by RBI under liquidity adjustment facility



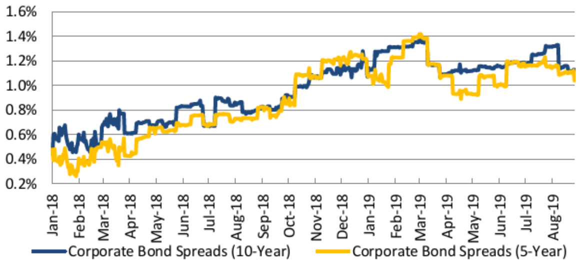
Source: RBI, ICRA research

Government securities yield reduced however, corporate spreads remained high



Source: Bloomberg, ICRA research

Government Securities and AAA Corporate Bond Yields



Source: Bloomberg, ICRA research

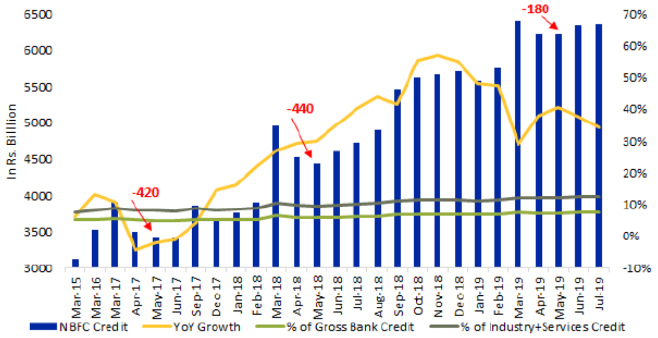
Steady increase in share of bank funding to NBFCs, however, the focus primarily is expected to be on higher-rated entities

NBFC funding from the financial system is highly concentrated towards banks and mutual funds, which together accounted for approximately 75% to 80%, followed by insurance companies, which accounted for approximately 19% to 20%. The share of bank funding to NBFCs started increasing from the third quarter of Fiscal 2019 after experiencing a steady decrease in Fiscal 2017 and Fiscal 2018.

Bank credit to NBFCs experienced a significant increase in March 2018 in comparison with February 2018 as it increased by ₹ 1 trillion. The increase can be partly attributed to the market debt redemptions for NBFCs during March 2018. In the first five months of Fiscal 2019, bank credit to NBFCs declined from the peak levels experienced in March 2018. However, it increased significantly in September 2018 as market liquidity tightened and NBFCs relied heavily on bank funding for meeting their debt redemptions, for business growth and for augmenting their on-book liquidity.

Bank funding to NBFCs increased steadily until December 2018 as the entities faced commercial papers redemptions and limited commercial papers rollovers/ issuances. Subsequently, it declined in January 2019 as incremental demand was lower with disbursements reducing for most of the players, in particular for wholesale NBFCs, and with the NBFCs adequately aiding their on-book liquidity. Bank credit to NBFCs, however, continued to grow in February and March 2019 with a significant increase in March 2019, a characteristic which has been experienced in the past. However, the decline in April 2019 was much lower than what was experienced in the past, indicating attachment of the credit taken as funding from other sources, such as non-convertible debentures or commercial papers, was relatively lower. The bank credit to NBFCs continued to grow at a steady rate than the overall banking sector credit, though anecdotal evidence indicated that a significant portion of the bank credit was provided to the better-rated/ parent-backed or Government-owned/ controlled NBFCs.

Bank Credit to NBFCs



Source: RBI, ICRA research

Public sector banks ("**PSBs**") coming out of the prompt corrective action ("**PCA**") framework, post the recent equity infusion in Fiscal 2019, and the Union Budget allocation of ₹ 700 billion for further capital infusion into PSBs, is considered to be positive development. In addition, frontloading the scheduled increase in the 'Facility to Avail Liquidity for Liquidity Coverage Ratio' ("**FALLCR**") by 1%, which was applicable in a phased manner in August 2019 and December 2019, is expected to enable banks to free liquidity to the extent of ₹ 1.3 trillion, provided the same is used to extend credit to NBFCs/ housing finance companies ("**HFCs**"). Further, the blending of single counterparty exposures of banks to NBFCs, excluding gold loan companies, with a general single counterparty exposure limit of 20%, instead of 15%, could support additional credit flow to NBFCs.

Monetary Policy – August 2019

The key terms of the Monetary Policy of August 2019 issued by the RBI are as follows:

- Bank credit used by NBFCs for on-lending (on-lending post the date of issuance of the Monetary Policy of August 2019) in the following segments, would be eligible for PSL classification:
    - Agriculture: On-lending by NBFCs for 'term lending' component under agriculture up to ₹ 1.0 million per borrower;
    - MSEs: On-lending by NBFCs up to ₹ 2.0 million per borrower; and
    - Enhancement of existing limits for on-lending by HFCs, which would qualify for PSL, to ₹ 2.0 million per borrower from ₹ 1.0 million per borrower.
- This is a limited period dispensation, which is valid on incremental bank lending to NBFCs and HFCs until March 2020, post which the Monetary Policy of August 2019 would be subject to review; and
- Individual bank limit fixed at 5% of the bank's total PSL; alternatively, it is approximately 2% of the individual bank's gross advances.

Implications for NBFCs & HFCs:

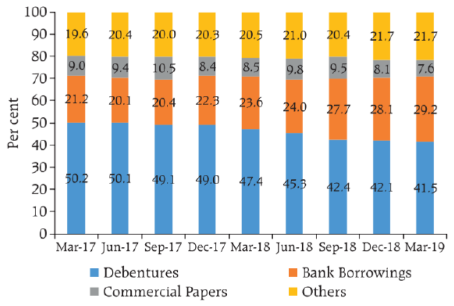
- Based on the Monetary Policy of August 2019, banks can take incremental exposure of up to 2% of their gross advances towards NBFCs and HFCs, which could on-lend to the above-mentioned segments. As a result, approximately ₹ 1.7 trillion to 1.8 trillion of incremental bank credit can be extended to NBFCs and HFCs for on-lending in the above-mentioned segments;

- It is estimated that currently approximately ₹ 2.5 trillion to ₹ 3.0 trillion of NBFC credit, accounting for approximately 12% to 15% of the total NBFC credit, would fall under the above-mentioned asset segments. As only incremental lending to these segments would be eligible, assuming 15% annualised growth in segmental credit, it is estimated that incremental NBFC lending, after factoring in repayments, to these segments would amount to approximately ₹ 1.0 trillion to ₹ 1.2 trillion in Fiscal 2020.

The Monetary Policy of August 2019 is beneficial for medium and smaller sized and lower-rated entities, A and BBB categories, which currently face significant restriction in securing incremental bank funding. Further, NBFCs and HFCs can also negotiate for lowering their cost of funding, considering the PSL benefit for banks. In addition, NBFCs and HFCs can classify higher-yielding loans, more than the 8% spread, which meet the above-mentioned criteria, as PSL while availing bank credit.

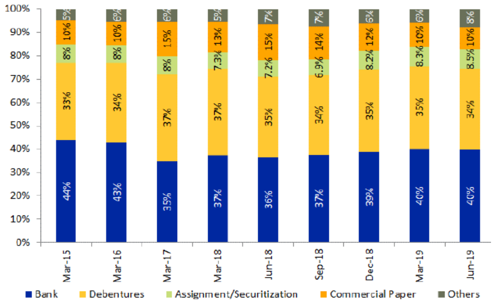
Higher Dependence of Retail-NBFCs on bank borrowings

<u>Source of Funds for NBFCs</u>



Source: RBI-Financial Stability Report June 2019

<u>Source of Funds for Retail-NBFCs</u>

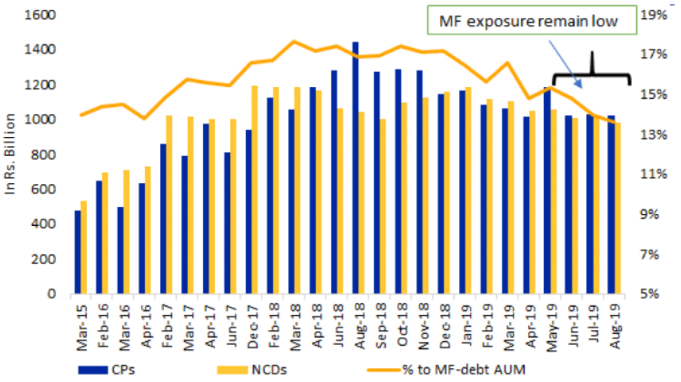


Source: ICRA research, company/company investor presentations of ICRA sample entities excluding MFIs

Stringent Mutual Fund regulations to impact credit flow to NBFCs

Mutual funds funding to NBFCs grew by approximately 11% to ₹ 2.5 trillion in August 2018 from ₹ 2.2 trillion in March 2018. The increase was primarily due to an increase in commercial papers funding, which grew by approximately 37% during this period. Short-term rates for NBFCs remained relatively favourable compared to long-term rates during this period. Consequently, the share of commercial papers in the overall mutual funds funding to NBFCs increased to approximately 58% in August 2018 from approximately 47% in March 2018. The short-term commercial papers exposures of mutual funds moderated from an increase in August 2018. Further, commercial papers issuances have remained stable primarily due to the better-rated, retail-focussed entities or entities with strong parentage. Long-term debt exposures to NBFCs also continued to reduce from January 2019. Stringent regulation on liquid funds requiring them to maintain liquid investments and reduction in sectoral caps, are expected to further constrain fund flow to NBFCs. Liquid funds accounted for approximately 20% of the overall mutual fund AUM and 33% of the debt fund AUM.

<u>Mutual Fund Credit to NBFCs</u>



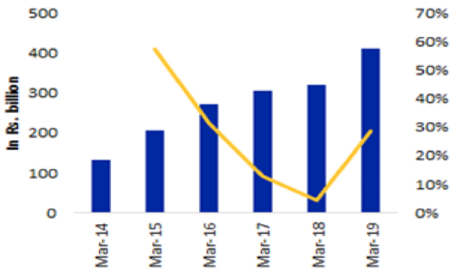
Source: SEBI, ICRA research

Retail borrowings remain low in relation to the overall requirement

Retail debt issuance by NBFCs increased quite significantly in Fiscal 2019. Issuances by Retail-NBFCs in Fiscal 2019, in relation to the incremental requirement for the whole year, were less than 5%. Going forward, it is considered important for NBFCs to increase the share of retail borrowings, in view of the various structural constraints from wholesale sources. The deposit growth moderated to approximately 4.2% in Fiscal 2018 from approximately 12.9% in Fiscal 2017 as the entities were able to secure funds at a lower cost from the market/ banks. Going forward, it is expected that NBFCs with a deposit-taking license could refocus on raising retail deposits to improve their overall liquidity position, as the systemic market/ bank funding rates remain high. The total public deposits of NBFCs, as of March 2019, was estimated at approximately ₹ 410 billion (provisional), an increase from approximately ₹ 320 billion as of March 2018, approximately ₹ 306 billion as of March 2017 and approximately ₹ 271 billion in March 2016.

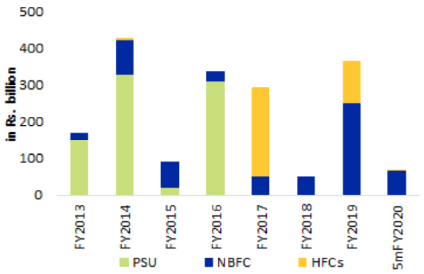
The Union Budget for Fiscal 2020's proposal for the removal of a debenture redemption reserve for NCDs by NBFCs is expected to increase public issuances, which would positively impact the profitability and liquidity of NBFCs undertaking public issuances, as investment (15% of these debentures mature in a year) in liquid assets for meeting the redemption requirements would no longer be required.

Retail Deposits - Growth remained low



Source: RBI, ICRA research

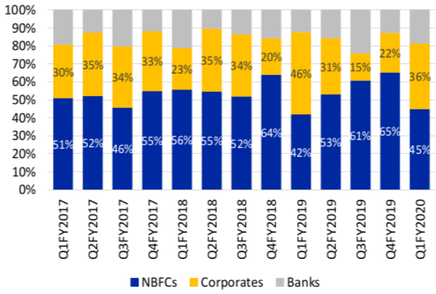
Significant increase in public bond issuances



Source: SEBI, ICRA research

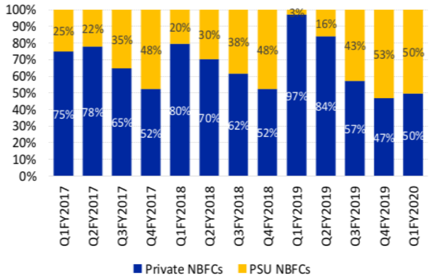
Share of private sector NBFC bond issuances declined

Mix of Bond Issuances



Source: Prime database, ICRA research

Mix of NBFCs in Bond Issuances (private vs public sector undertakings

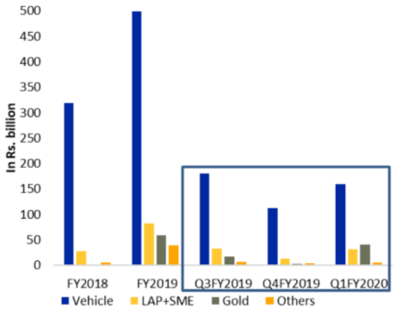


Source: Prime database, ICRA research

Significant increase in loan sell-downs as banks helped in supporting the NBFC liquidity

The domestic securitization market volumes reached at its highest level in Fiscal 2019, reaching almost ₹ 2 trillion. As a result, the total volumes for Fiscal 2019 saw a YoY increase of approximately 140% (market volumes were ₹ 84,000 crore in Fiscal 2018. The market gained resilience in the third quarter of Fiscal 2019, primarily driven by the prevalent liquidity crisis for NBFCs and HFCs, which increased the demand for securitisation as an alternate funding route. The relaxation of the minimum holding period criteria for longer-tenure loans by the RBI, in November 2018, resulted in an increase in the supply of assets eligible for securitisation. The momentum continued in the fourth quarter of Fiscal 2019 and the first and second quarter of Fiscal 2020, with volumes amounting to approximately ₹ 500 billion in each of these quarters.

Retail NBFC (excluding micro finance institutions) – Vehicle Segment Leads in Loan Sell-Downs



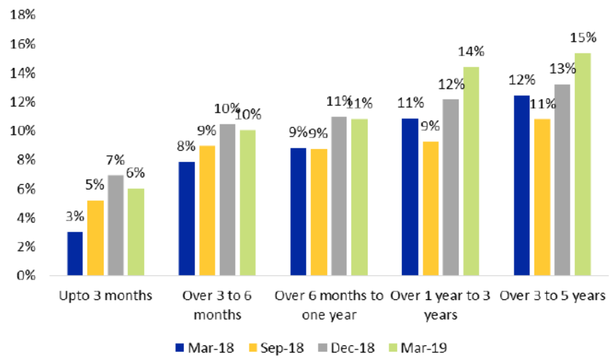
Source: ICRA research

To encourage NBFCs to securitize/assign their eligible assets, the RBI relaxed the minimum holding period requirement for loans of original maturity of above five years, to the receipt of the repayment of six monthly instalments or two quarterly instalments (as applicable), provided the minimum retention requirement for such securitization/assignment transactions is 20% of the book value of the loans being securitized or 20% of the cash flows from the assets assigned. This dispensation was available for a period of six months starting November 29, 2018. In May 2019, the RBI extended the above dispensation till December 31, 2019. This would support the securitization of the LAP/housing loan segments.

The Government is expected to provide a one-time two-year partial credit enhancement guarantee to public sector banks for first loss of up to 10% for purchasing securitized assets from NBFCs. This may support loan purchases for the shorter-tenor retail loans, such as microfinance and gold loans, of NBFCs.

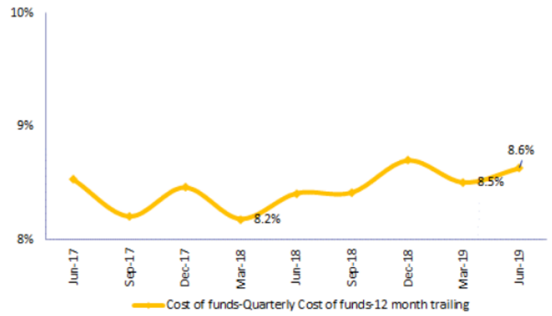
Adequate liquidity. Cost of funds remain higher than in the past

Retail-NBFC – Positive Cumulative Mismatch % of Total Assets



Source: ICRA research, set of ~18-20 Retail-NBFCs accounting for 65-70% of total Retail-NBFC credit

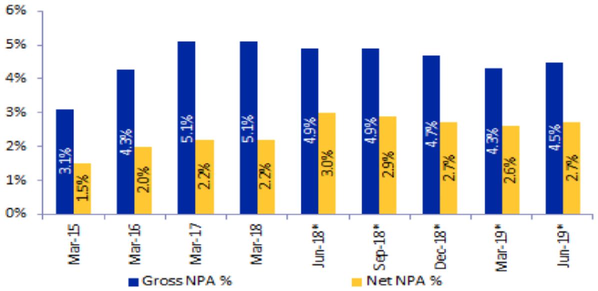
Retail-NBFC Cost of Funds



Source: Source: ICRA research, company/company investor presentations of ICRA sample entities excluding MFIs

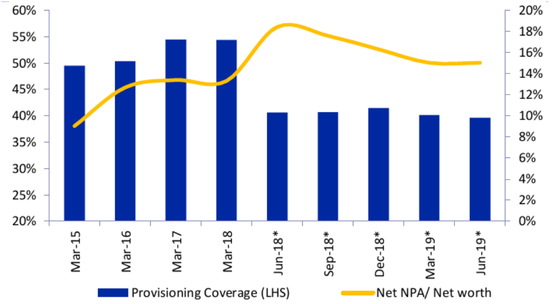
ASSET QUALITY TRENDS AND OUTLOOKS

Non-Performing Assets Movements (excluding micro finance institutions)



Source: ICRA research, set of ~18 NBFCs; *As per IndAS

Solvency and Provision Coverage (excluding micro finance institutions)



Source: ICRA research, set of ~18 NBFCs; *As per IndAS

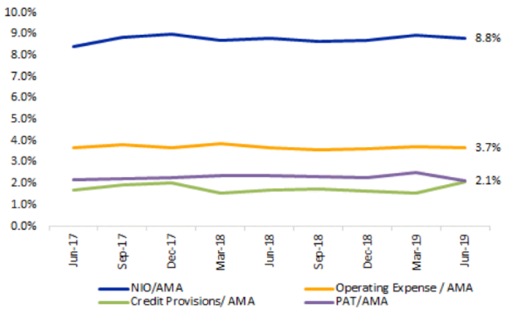
The loan against property ("**LAP**") and small and medium enterprises ("**SME**") segment borrowers are expected to experience higher refinance costs and delays in incremental credit as the liquidity position is more stringent than in the past.

Vehicle finance segment is expected to experience higher operating and finance costs, going forward, as the entities increase the share of used vehicles and focus on borrowers with relatively modest credit risk profiles, than in the past, to offset the impact of higher borrowing costs and decline in new vehicle sales. However, this is expected to increase the portfolio vulnerability

Asset Class	Outlook
LAP+SME	↓
CVs	↔ ↓
Passenger Vehicles	↔ ↓
Gold Loans	↔
Construction Equipment	↔ ↓
Tractors	↔ ↓
Unsecured Personal Credit	↔
Microfinance	↔

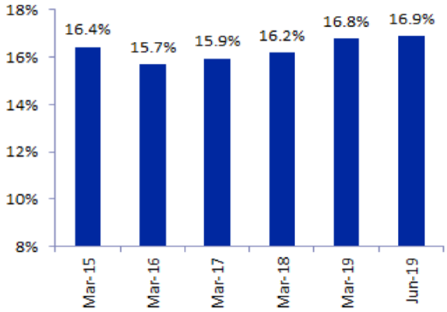
PROFITABILITY AND CAPITALISATION

Retail-NBFC Profitability Trend (excluding micro finance institutions) – As per Ind AS



Source: ICRA research, set of ~18 NBFCs (excluding MFIs)

Capitalisation (excluding micro finance institutions)



Source: ICRA research, set of ~18 NBFCs, Mar-18 onwards are as per IndAS

The net profitability of Retail-NBFCs was impacted in the first quarter of Fiscal 2020 as growth remained slow and cost of funds was high as entities faced higher credit costs. Further, the net income from operations ratio moderated as the incremental pace of deployment of assets for lending declined on account of slower AUM growth. In addition, most entities maintained liquidity in view of the market uncertainties and as the cost of funds increased. The operating expense ratio remained largely stable.

Provision and credit costs increased significantly in the first quarter of Fiscal 2020 primarily due to write-offs and incremental provisions on non-performing assets / overdues by a few players, and an increase in delinquencies. The operating profitability is expected to contract and the credit costs is expected to increase if the portfolio growth remains more moderate than in the past. However, the reduction in the tax rate is expected to the RoMA at higher levels and is estimated to be approximately 2.2% to 2.4% in Fiscal 2020. Further, the capital profile of Retail-NBFCs is adequate, considering the largely stable internal generation and some moderation in growth. No significant capital requirement is expected for the segment over the near term.

In addition, the inclusion of NBFC-ND-SI under Section 43D of the Income-tax Act from Fiscal 2021 is expected to have a positive impact on their liquidity and profitability. Taxable income on the non-performing assets of NBFCs would be computed on a realised basis instead of accrued basis as in the past, resulting in bringing it in parity with banks. This is expected to improve the profitability of NBFCs by 10-15 bps and result in lower cash outflows.

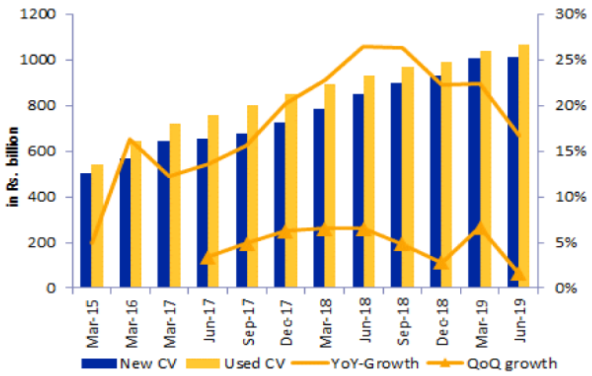
ASSET CLASS-WISE TRENDS

Commercial Vehicle Finance

The slowdown in the domestic commercial vehicle ("**CV**") industry, which started from the second half of Fiscal 2019, has continued in Fiscal 2020, with volumes contracting by a significant 19% until October 2019. The decrease in growth has increased during Fiscal 2020 with CV original equipment manufacturers ("**OEMs**") reducing their wholesale dispatches by 33% during July 2019 and August 2019 vis-à-vis 10% decrease in growth in the first quarter of Fiscal 2020, to reduce inventory levels at dealerships on account of reduced footfalls and retail sales. Further, the decrease has been significant in the medium and heavy commercial vehicle (truck) segment, wherein volumes have contracted by 32% in the first five months of Fiscal 2020. The medium and heavy commercial vehicle/ truck segment has been impacted by excess capacity and low freight availability, which suppressed the freight rates and impacted the profitability of fleet operators. In addition, due to the strict liquidity scenario in the NBFC industry and expectations of a goods and services tax ("**GST**") rate cut, fleet operators currently have deferred their vehicle purchases.

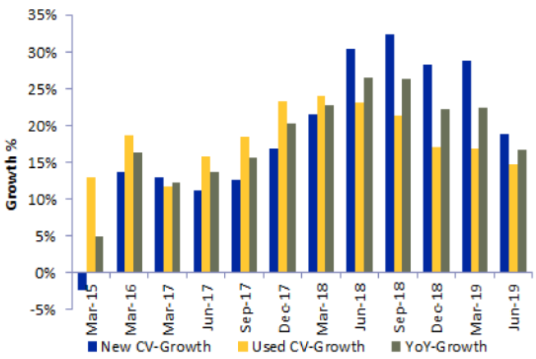
The CV industry is currently facing overcapacity, partially contributed by the revision in axle load norms from July 2018 and the implementation of GST as well as the e-way bills and the resultant improvement in the turnaround time. In addition, slowing economic growth and reduced infrastructure activity have limited the freight availability. On sectoral lines, the slowdown in automobile sales in general has led to a significant reduction in demand for car carriers, *i.e.* tractor trailers, while delayed payments to contractors and the resultant slowdown in infrastructure project execution also have impacted adversely on sales. Even the light CV (Truck) segment, which was relatively secluded from the impact of revised axle load norms, has been impacted recently due to the weakness in consumption-oriented sectors and reduced rural demand conditions.

.AUM Movement of NBFC-CV Segment



Source: ICRA research, NBFCs, investor presentations

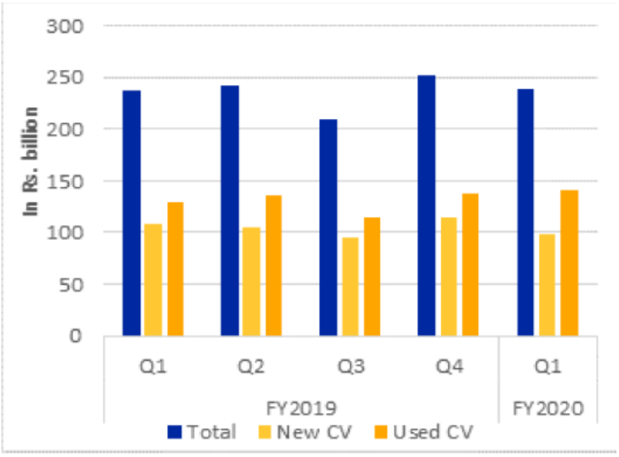
YoY AUM Growth Trends of NBFC-CV Segment



Source: ICRA research, NBFCs, investor presentations

As of June 30, 2019, the total NBFC credit to the CV segment amounted to ₹ 2.1 trillion, registering a YoY growth of approximately 17% and quarter-on-quarter growth of approximately 2%. The growth rates moderated, in line with the trends experienced in CV sales. The NBFC credit to the new CV segment grew by approximately 19% YoY, while the used CV segment registered a YoY growth of approximately 15%.

Disbursement trend of top five CV financiers



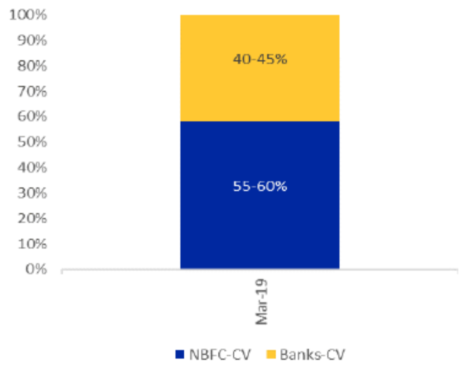
Source: ICRA research

The disbursements of the top 5 CV financiers have remained similar over the last five quarters, while CV sales have experienced a slowdown. Larger players have taken market share from the smaller players. However, going forward, the new CV disbursements are expected to trend downwards as demand has slowed while used CV disbursements are expected to hold at current levels. It is expected that this will be supported by sustained demand for used vehicles as new BS-IV vehicle prices are expected to be higher and viability is expected to be better while operating a used CV under the reduced demand/freight rate conditions.

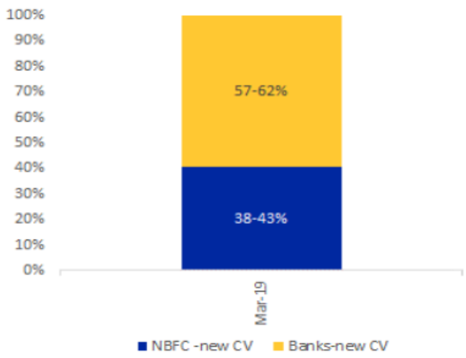
The share of NBFCs in new CV financing is expected to reduce as the interest rates become stringent for NBFCs, thereby making them less competitive in the large fleet and medium and heavy CV segments. Banks, on the other hand, are reducing their benchmark lending rates. Banks do not have a significant presence in the used CV financing segment. In addition, used CV financing is expected to experience some increase in Fiscal 2020 as prices for existing vehicles eligible for refinance would increase as new CV prices, post BS-VI implementation, are expected to increase by approximately 10% to 12%.

Business yields in the used CV segment are approximately between 14% and 20%, depending on the age of the vehicle financed and the borrower profile, while the business yields is approximately between 10% to 12% for new CVs. The share of used CVs in the overall NBFC CV AUM had reduced to approximately 50% to 51% in Fiscal 2019 from approximately 52% to 53% in Fiscal 2017. Due to with margin contraction, NBFCs are expected to increase the share of used CVs in their overall exposure to balance the impact of the rising cost of funds.

CV Market Share – AUM



New CV Market Share – AUM



Source: ICRA research, annual reports and investor presentations of banks/NBFCs

The road transportation segment is currently experiencing surplus capacity in the CV space on account of significant capacity addition over the past five-six quarters and revision in axle load norms from July 2018, which led to an increase of approximately 12% to 18% in the capacity of the existing fleet of trucks. This, along with a faster turnaround of vehicles post the implementation of GST and e-way bills, has contributed to the surplus capacity. As a result, freight rates did not increase in line with fuel prices in Fiscal 2019, while operating costs have risen significantly, led by a rise in diesel prices and easy-monthly installments. While diesel prices increased by approximately 17% YoY in Fiscal 2019, freight rates have not experienced a corresponding increase and increased only by approximately 7.7% YoY. In Fiscal 2020, freight rates as well as diesel prices have remained fairly stable.

Accordingly, given these trends and the tightening liquidity faced by NBFCs, the new CV AUM growth for NBFCs is expected to be approximately 10% to 12% in Fiscal 2020, while used CV AUM is expected to grow at approximately 14% to 16% in Fiscal 2020. The overall AUM growth for NBFC-CVs is, therefore, estimated at approximately 12% to 14% in Fiscal 2020.

Medium and Heavy CV

Until October 2019, the medium and heavy CV (Truck) segment has had a 32% decline in sales. It is expected that the decline in the medium and heavy CV (Truck) segment volumes will continue on account of the upcoming transition to new emission norms. Despite the 10% to 12% increase in vehicle costs (post BS-VI), which could result in some pre-buying, and additional depreciation benefits announced for purchases until March 2020, it is unlikely that the medium and heavy CV (Truck) segment would be able to offset the contraction in volumes. Given the high inventory levels at dealerships and low retail sales, OEMs are focusing on rationalising the inventory in the system prior to the rollout of new emission norms, which would render unsold inventory of existing BS-IV vehicles as obsolete. Hence, wholesale dispatches are not expected to increase materially over the second half of Fiscal 2019. As a result, the M&HCV (Truck) sales are expected to contract by approximately 16% to 18% in Fiscal 2020. In addition, the outlook for Fiscal 2021 remains muted particularly in the absence of visibility on the implementation of the scrappage policy as envisaged earlier, despite a favourable base effect.

Light CV

The light CV (Truck) segment volumes have contracted from the beginning of Fiscal 2020 on account of the slowdown in consumption-driven sectors and the rural economy as well as the strict financing environment, along with the high base effect. With consumer sentiment remaining low and challenges on the financing front, besides the high base effect, the LCV (Truck) segment is expected to decline by approximately 8% to 10% in Fiscal 2020.

Buses

Bus volumes have reduced by 1.9% in the first quarter of Fiscal 2020. Bus sales have typically been supported by a steady demand from the school bus segment during this period. However, volumes contracted by a significant 9% during July 2019 and August 2019, with both light and heavy passenger carriers displaying a similar trend. Strict liquidity conditions and with the increasing focus on electric buses by Government bodies and state road transport undertakings ("**SRTUs**"), along with the expectations of a GST rate reduction have led to volume contraction, besides the base effect. Accordingly, the outlook for the bus segment in Fiscal 2020 will rely on the expected revival in SRTU orders (replacement-driven demand) and stable demand from the school/ college, and staff carrier segment. It is expected the bus segment will also experience some level of pre-buying, particularly from larger players, and therefore, report a growth of approximately 2% in Fiscal 2020.

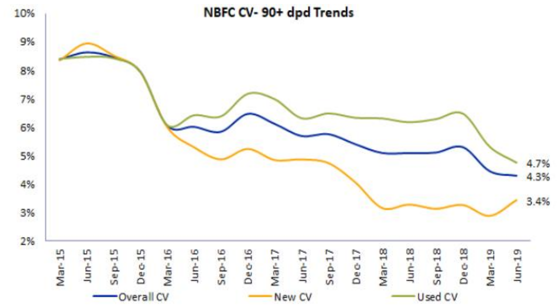
Banks more competitive in new CV financing

Banking credit for CV financing increased at a CAGR of approximately 25% during April 2014 to March 2019 compared to the 18% growth experienced in NBFC credit. The share of bank credit, therefore, increased to approximately 40% to 45% in March 2019 from approximately 37% to 40% in March 2016. Within the banking sector, private banks accounted for the bulk of the share and primarily focused on new vehicle financing, in which they had a share of approximately 57% to 62% in March 2019. Further, banks, by offering competitive rates, focus on larger fleet operators and the medium and heavy CV segment.

Delinquencies in the CV segment

Delinquencies in the overall CV segment remained stable between the fourth quarter of Fiscal 2019 and first quarter of Fiscal 2020, supported by the used vehicle segment's performance. The 90 plus 'days past due' for the used CV segment improved to 5.1% in June 2019 from 6.2% in June 2018 and was 5.3% in March 2019. The new CV delinquencies also remained stable at 3.4% in June 2019 vis-à-vis 3.3% in June 2018 and was 2.9% in March 2019. With freight availability being lower in recent months, the ability of fleet operators to effect freight rate hikes has been compromised further. Consequently, pressure on the profitability of small fleet operators has increased in recent months, with flat freight rates and lower load availability, while operating costs, such as insurance and easy-monthly installments, have steadily increased. Any significant increase in fuel prices, which account for approximately 60% of the total operating expenses of transporters, would impact their operating margins further. Therefore, apart from demand, it is expected that the performance of the segment would remain vulnerable to adverse movements in fuel rates. Notwithstanding the improvement, it is expected that the delinquencies are expected to increase slowly considering the cyclical nature of the industry, which is experiencing one of the lowest levels of overdues in the last four-five years.

90+ 'days past due' movement in CV Segment (excluding captive financiers)

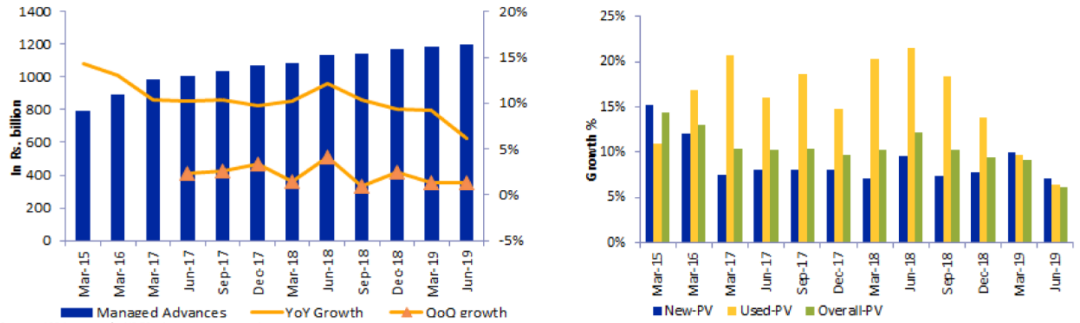


Source: Sample of 6 issuers in new CV and 5 in used CV segments for June 2019; ICRA research & estimates

Passenger Vehicle Finance

As of June 30, 2019, the NBFC credit to the passenger vehicle ("**PV**") segment was approximately ₹ 1.2 trillion as on June 30, 2019, registering a YoY growth of approximately 6% and the growth was approximately 9% to 10% in Fiscal 2019, Fiscal 2018 and Fiscal 2017. The growth was supported by the focus of NBFCs on semi-urban and rural borrowers and the used car segment, while banks typically focus on the salaried and new car segments. The used car market is estimated to be larger in terms of volume than the new car market, though finance penetration is quite low, approximately 15% to 20% compared to approximately 75% to 80% in the new car segment. The share of the used car segment in the NBFC PV portfolio increased to 26% in March 2019 from 21% in March 2015. The yield in the new car segment was approximately 9.5% to 12.0%, depending on the borrower profile, while the yield was approximately 14% to 18% for the used car category. Salaried borrowers enjoy finer rates compared to self-employed borrowers. The growth in NBFC credit to the PV segment is expected to be approximately 5% to 7% in Fiscal 2020 on account of a slowdown in sales and increased competition from banks offering better pricing in the new PV category. This would continue to be a challenge in the near to medium term.

AUM Movement in NBFC-Passenger Vehicle Segment



Source: ICRA research, NBFCs, investor presentations

Source: ICRA research, NBFCs, investor presentations

The domestic PV volume declined significantly by 23.5% in the first five months of Fiscal 2020. The decline was particularly significant in July 2019 and August 2019, with wholesale dispatches declining by 31.0% and 31.6%, respectively. Inventory correction at dealerships has emphasized the issues for the industry as the decline in retail sales was approximately 8% in the first five months of Fiscal 2020. However, the rate of decline in retail sales also increased in the last few months on account of the reduced demand environment and the deferment of car purchase decisions by consumers in anticipation of price/GST reductions.

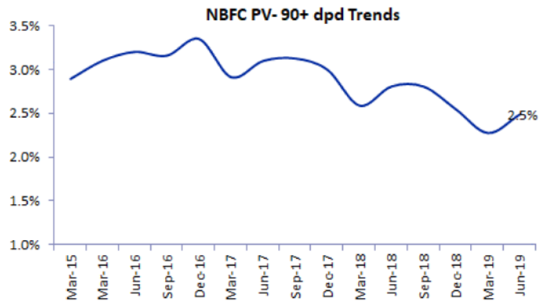
Retail demand has come under pressure over the last few quarters due to multiple factors, such as, the liquidity crunch and stringent financing environment, weak rural income and overall slowdown in economic activity, which negatively impact consumer sentiments. Further, vehicle prices and cost of ownership have also increased in recent periods due to various regulations, including safety, emission and insurance, and fuel prices. Real income growth has remained modest in recent periods, which directly impacts large discretionary purchases, such as, cars and real estate. In addition, the cab aggregator segment has also almost stopped growing due to incentive rationalization by cab aggregators, which earlier accounted for approximately 8% to 10% of the total sales. The dealership inventory level currently was approximately three weeks compared to six-eight weeks in the fourth quarter of Fiscal 2019, and the overall wholesale volume trend is expected to largely align with the retail volume trend from October 2019.

Recovery likely to be more gradual than expected earlier

The slowdown in the economy and inflationary trend directly impact consumer discretionary items, including car purchase. The provisional estimate for gross value added ("**GVA**") growth was approximately 4.9% in the first quarter of Fiscal 2020 in comparison with approximately 7.7% in the first quarter of Fiscal 2019 and 5.7% in in the fourth quarter of Fiscal 2019, indicating a slowdown in overall economic activity. However, a stable central Government and stable monsoons in most regions benefit well for customer sentiments as well as the economy. Another key concern that has plagued the sector's growth in recent quarters is stringent financing norms, which the Government of India is trying to address by improving credit availability. The Government of India has taken various steps, including, upfronting capital infusion in PSBs, partial credit enhancement for auto loan pool securitisation, easing the liquidity crunch of stronger NBFCs as well as corporate tax revision to initiate the investment cycle in India. Most of these measures are strong and positive for the economy in the long term. However, the industry is expected to continue to experience some demand pressure in the near term as income growth remains suppressed. It is expected that the overall recovery is likely to be more gradual. The impact of BS-VI pre-buying is expected to not be beneficial as the overall increase for petrol vehicles is approximately ₹ 15,000 to ₹ 20,000 and is unlikely to result in the advancement of purchase decisions. As a result, the overall volume is expected to decline by approximately 4% to 7% in Fiscal 2020, though it is expected to recover and grow in Fiscal 2021.

Delinquencies in PV Segment

90+ 'days past due' movement in PV Segment (excluding captive financiers)



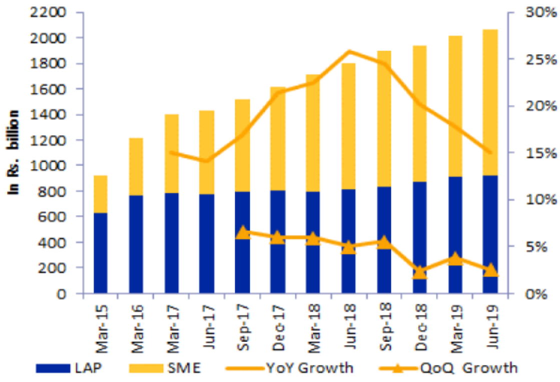
Source: Sample of 6 large issuers and ICRA research & estimates

The 90+ 'days past due' in the PV segment increased to 2.5% in June 2019 from 2.3% in March 2019. However, the segment has remained stable after demonetisation, and delinquencies in this segment are expected to remain lower than in other asset classes and be approximately 2.5% to 3.0% in the future.

Loan against property ("LAP") and SME Credit

The NBFC credit growth in the LAP and SME segments are starting to moderate after registering a steady recovery post demonetisation, *i.e.* from the third quarter of Fiscal 2018. As expected, the liquidity issues faced by NBFCs has increased the credit risk for the segment as it is difficult for an NBFC customer in this segment, particularly the lower ticket size borrowers, to secure bank credit. In addition, lenders note that borrowers in this segment are vulnerable to adverse fuel prices, elongated working capital cycles, increased interest rates and moderation in demand, which impact the operational viability and credit profiles of the SMEs. Further, as the interest rates for the target borrowers are quite high, above the lending cap for loan sell-downs, NBFCs would not be able to sell down these loans.

AUM Movement of NBFC-LAP and SME Segment

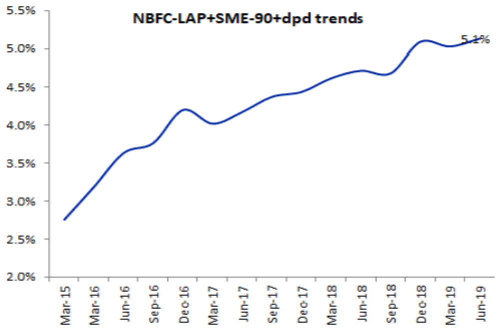


Source: ICRA research, company/company investor presentations

The SME segment of NBFCs, includes secured and unsecured credit to small undertakings, business loans and enterprise loans, continues to grow at a relatively stronger rate of approximately 21% YoY in March 2019. NBFCs are increasingly focusing on loans for productive purposes vis-à-vis conventional LAP, where the end use could be production or consumption. Larger NBFCs, in view of asset quality concerns and increased competitive pressure, have moderated their ticket sizes, with the focus being primarily on < ₹ 10 million. The niche positioning of NBFCs, as a differentiated product offering, good market knowledge, and large unmet demand are likely to support their credit growth. In addition, the capital raised by NBFCs in this segment and the emergence of new-age NBFCs, with average ticket size of approximately ₹ 1 million and a focus on the small business loans segment, is expected to provide some support to growth. The current liquidity issues are expected to impact credit flow to the Micro, Small and Medium Enterprises ("**MSME**") segment, in view of the expected pressure, due to high fuel prices and increase in interest rates, which would have a cascading effect on the asset quality. It is expected that the LAP and SME segment will grow at approximately 14% to 16% in Fiscal 2020 vis-à-vis 19% in Fiscal 2019 and 26% in Fiscal 2018.

Delinquencies in LAP and SME Segments

90+ 'days past due' movement in LAP and SME Segments (excluding captive financiers)



Source: Sample of 11 key issuers and ICRA research & estimates

Delinquencies in the LAP and SME segments remain high, with the 90 plus 'days past due' increasing to 5.1% as of June 30, 2019 from 4.7% as of June 30, 2018 and was 3.2% as of March 31, 2016, as delinquencies for one particular player increased quite significantly. Excluding that particular player, the delinquencies remained between March 2018 and June 2019 at approximately 4%. The growth in this segment revived in Fiscal 2018 which, to an extent, had a base effect on the 'days past due' percentage during this period. As the majority of the LAP and SME loans are extended to self-employed borrowers in the unorganised sector for business needs, an adverse business environment or volatility would impact the asset quality.

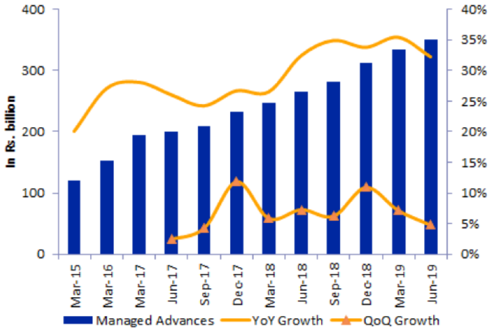
Further, in the past, borrowers in this segment resorted to refinancing their loans with new lenders to manage the liquidity pressure, however, this practice has slowed down now with more stringent credit appraisal processes being followed by lenders. While lifetime losses on secured LAP and SME loans are partly limited by the underlying collateral and moderate loan-to-value, a downward movement in property prices could expose lenders to higher levels of credit risk. Borrowers are expected in this segment to face increased liquidity pressure as well as increased borrowing and operating costs. Thus, delays in incremental financing/refinancing would impact the business performance of the borrowers and result in some increase in delinquencies, going forward.

Two-wheeler Finance

The NBFC two-wheeler finance segment continued to register a higher growth rate compared to other larger NBFC asset segments. AUM in the NBFC two-wheeler segment increased by approximately 32% YoY vis-à-vis approximately 34% to 35% in the previous three-four quarters. NBFCs operating in this segment were relatively less impacted as approximately 50% of the AUM in March 2019 was contributed by captive NBFCs, which were able to secure funding on the back of their strong parentage. Other NBFCs operating in the retail finance segment also increased their focus on two-wheeler financing due to the low ticket sizes, tenures and better pricing flexibility, which the product inherently offers. This benefited well for the prevailing debt market conditions. Increase in the cost of ownership, on account of higher insurance premiums and compliance with BS-VI norms from April 2020 are expected to support credit penetration and accordingly, growth.

The credit penetration in this segment is expected to increase to approximately above 40% in October 2019 from approximately 30% in March 2014 and further, it is expected that it will improve to approximately 45% to 50% over the next couple of years. NBFC credit to this segment is, therefore, expected to grow at approximately 24% to 27% in Fiscal 2020, supported by an increase in the loan size and improvement in financing penetration, while sales growth is expected to remain low.

AUM Movement in NBFC Two-wheeler Segment



Source: ICRA research, company/company investor presentations

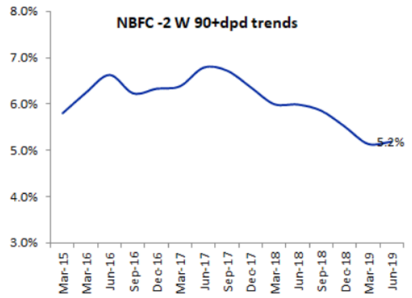
The NBFC credit to the two-wheeler segment increased at a CAGR of approximately 29% during April 2015 to March 2019, while bank credit increased at a CAGR of approximately 21% during the same period. Consequently, the NBFC share increased to approximately above 66% in March 2019 from approximately 60% in March 2015. NBFCs face competitive pressure primarily from some private sectors banks. Competition is expected to increase due to new players, such as large NBFCs, SFBs and microfinance companies, who are expected to focus on this segment for better yields or product diversification. The average ticket size is currently approximately ₹ 45,000 to ₹ 50,000 with an average loan-to-value of approximately 70% to 75% and a tenure of 24 to 36 months. The aggregate two-wheeler portfolio of NBFCs was estimated to be ₹ 350 billion, as on June 30, 2019. The customer profile of NBFCs in two-wheeler financing is relatively risky as a large proportion of the disbursements are to customers without banking habits and formal income proof, and collections are largely in cash.

Two-wheeler Industry Trends and Outlook

The weakness in demand continued for two-wheelers with the industry reporting a decrease of approximately 14.8% in the first five months of Fiscal 2020. All the segments of the industry reported decrease in growth during this period. While motorcycles, the largest segment with approximately 65% market share, reported approximately 13.4% volume contraction, scooters, with approximately 32% volume share in the overall two-wheeler market, reported a decrease of approximately 17.0% and mopeds decreased by approximately 20.4% in the first five months of Fiscal 2020. Reduction in rural demand along with weak income levels, weak ground water levels and uneven monsoon precipitation besides moderation in sowing levels are expected to cause some uncertainty on the recovery in demand from rural centres. Further, poor employment generation has affected the consumer demand sentiments across India, leading consumers to defer their discretionary purchases as the cost of ownership continues to increase. The two-wheeler industry is expected to report a decrease of approximately 5% to 7% in volumes in Fiscal 2020 as lower consumer sentiments impacted the demand. While lower incomes, following reduced crop realisations and decrease in crop output during Fiscal 2019, adversely affected the demand in the second half of Fiscal 2019. Further, the weakness increased by the delayed and uneven temporal distribution of monsoon precipitation in Fiscal 2020. Even as weak farm income growth and delay in rains adversely impacted sowing levels, the uneven distribution with flooding across various regions may negatively impact standing crops and the kharif production in Fiscal 2020. Therefore, rural demand is likely to remain low over the next few quarters. Further, uncertainty around income growth on account of weak industrial activity and limited employment generation opportunities have affected consumer sentiments in urban centres.

Delinquencies in Two-wheeler Segment

90+ 'days past due' movement in Two-wheeler segment



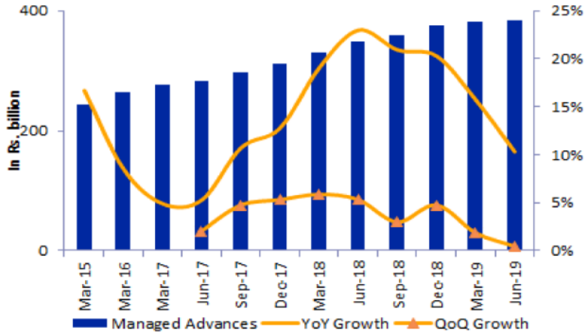
Source: ICRA sample of 9 entities and ICRA research

The 90 plus 'days past due' in the two-wheeler segment increased post demonetisation and steadily reduced thereafter. Significant growth and the entrance of new players, who typically have lower portfolio seasoning, further supported an improvement in the overdue ratios. In the near-term delinquencies in this segment are expected to stabilise to approximately 5% to 6%. The weak asset quality reflects the inherent riskiness in the underlying asset class and limited depth of credit appraisal considering the small ticket sizes. The high yields of approximately 22% to 28% in this segment partially offset the credit losses due to provisioning and write-offs.

Tractor Finance

The total NBFC credit to the tractor segment grew by approximately 10% YoY in June 2019 to approximately ₹ 383 billion. Tractor sales, after experiencing negative growth in Fiscal 2015 and Fiscal 2016, grew at a strong rate in Fiscal 2017 of approximately 18% and in Fiscal 2018 of approximately 22% before moderating to 11% in Fiscal 2019 on account of a higher base. However, the revival in the credit growth rate remained relatively lower as NBFCs were cautious due to the high delinquencies in this segment. Better agriculture cash flows in Fiscal 2017 and Fiscal 2018 along with a good haulage demand on account of the increase in infrastructure activities, improved the asset quality performance and supported a revival in the second and third quarter of Fiscal 2018. As the liquidity for NFBCs become more stringent, growth moderated in the third quarter of Fiscal 2019 and further in the fourth quarter of Fiscal 2019. In Fiscal 2020, it is expected to be impacted by the higher AUM growth experienced in Fiscal 2019 and the sales volume pressure. The growth in Fiscal 2020 is expected to be approximately 12% to 14% and would depend on the improvement in the funding/ liquidity scenario. NBFCs continue to be the preferred route for tractor financing.

AUM Movement in NBFC Tractor Segment



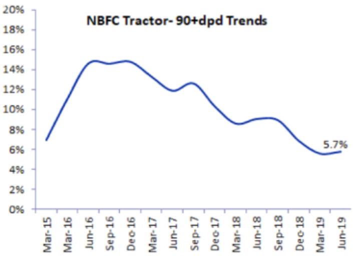
Source: ICRA research, company/company investor presentations

Tractor Industry Trends and Outlook

The demand conditions in the domestic tractor industry have remained weak since the beginning of 2019. The farm conditions turned weak across most regions primarily led by weak rabi crop cash flows and low crop prices as well as delayed subsidy disbursement in select states which also curtailed demand. The domestic industry volumes have recorded a significant decline on a YoY basis for the first five months of Fiscal 2020, with volumes contracting by approximately 14.3% in April 2019 to August 2020 over the corresponding period in 2019. The industry volumes are expected to contract by approximately 5% to 7% in Fiscal 2020 as even a growth in volumes in the second half of Fiscal 2020 is not likely to be enough to offset the decline recorded in the first half of Fiscal 2020. However, the long-term CAGR is estimated to be approximately 8% to 9% for the industry.

Delinquencies in Tractor Segment

90+ ‘days past due’ movement in Tractor segment



Source: Sample of 7 NBFCs and ICRA research

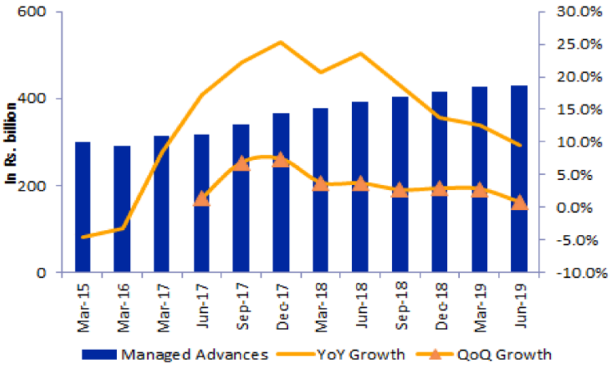
The conservative lending practices and stricter credit quality measures employed by financiers are reflected in the improvement in the asset quality over the last few quarters. Further, better cash flows in the borrower segment on account of healthy monsoons contributed to the improvement. The 90 plus ‘days past due’ has stabilised at approximately 5.6% to 5.7% over the first two quarters of Fiscal 2020 vis-à-vis 13% in March 2017. However, uncertainties regarding the crop output and rural income, notwithstanding the Government’s support, could impact the asset quality of this segment. The haulage segment’s margins would be impacted by weakness in rural income growth. Any significant increase in fuel prices could also impact the cash flows of the borrowers, as rentals, based on experience, do not generally increase in a commensurate manner. As a result, some increase in delinquencies is expected in the near term.

Construction Equipment Finance

As of June 30, 2019, the total NBFC credit to the construction equipment (“**CE**”) segment amounted to ₹ 430 billion, registering a growth of 9.5% YoY. Activities, such as infrastructure investments in sectors, including roads, irrigation and railways, reduced leading up to the general elections and the weak demand environment further adversely affected the investments. New investments from the real estate industry declined in the first quarter of Fiscal 2020 with 82 projects announced during the quarter compared to 224 projects in the first quarter of Fiscal 2019. The decline was due to the current liquidity crisis in the NBFC segment, unsold inventory, implementation of the Real Estate (Regulation and Development) Act, 2016 and the overall reduction in demand.

Banks, in particular private sector banks, offer fine prices and are competitive in this segment while NBFCs remain cautious due to delinquencies rate being high in this segment in the past. AUM growth in this segment is estimated to be moderate in Fiscal 2020 at approximately 8% to 10% as the projected sales growth is lower at approximately 4% to 6% in the same period.

AUM Movement in NBFC- CE Segment



Source: ICRA research, company/company investor presentations

CE Industry Trends and Outlook

Supported by stable economic growth and large investments in infrastructure projects, such as, roads, metros and rail construction across India, mining and construction equipment demand grew at a steady rate of approximately 34%, 17% and 30% in 2016, 2017 and 2018, respectively. However, there was a significant contraction in mining and construction equipment demand since the beginning of 2019 leading to the general elections. With the formation of a stable central Government in May 2019, a revival in demand was expected in the second quarter of Fiscal 2020. However, the demand remained weak, impacted by the slowing economic growth on account of, amongst others, low consumption and investment demand with GDP growth falling to approximately 5% in the first quarter of Fiscal 2020, weak liquidity and constrained funding. Until August 2019, industry volumes contracted by approximately 16% in key product categories, such as, backhoes, excavators and wheeled loaders. While the recent measure of lowering the corporate tax rate is a long-term structural positive, the near-term demand outlook for the CE segment remains negative.

Delinquencies in CE Segment

90+ ‘days past due’ movement in CE segment

Source: Sample of 8 NBFCs, ICRA research and estimates

Higher infrastructure spend, particularly on roads, resulted in an increase in equipment utilisation and strong demand for new equipment, leading to a significant reduction in the delinquency data for CE financiers from 2015. However, the increase in delinquency experienced in the last few quarters was on account of a large player, which is currently exerting pressure on the overall segmental overdues, while some moderation or stability was experienced for other players. Adverse fuel price movements and moderation in demand in the near term are expected to affect the asset quality of this segment and overdues could increase from the current levels.

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" on page 61 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, (i) the financial information for the nine months ended December 31, 2019 included herein is derived from the Ind AS unaudited standalone financial results for the nine months ended December 31, 2019; (ii) the financial information for the six months ended September 30, 2019 included herein is derived from the Ind AS audited interim standalone financial statements for the six months ended September 30, 2019; (iii) the financial information for Fiscal 2019 included herein is derived from the Ind AS audited standalone financial statements for Fiscal 2019; and (iv) the financial information for Fiscal 2018 and Fiscal 2017 included herein is derived from the Indian GAAP audited standalone financial statements for Fiscal 2018 and Fiscal 2017, respectively, included in this Preliminary Placement Document. Financial information as at and for the year ended March 31, 2018 presented under Ind AS, as at and for the six month period ended September 30, 2018 presented under Ind AS and as at and for the nine month period ended December 31, 2018 presented under Ind AS included in this Preliminary Placement Document has been derived from the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the year ended March 31, 2019, the comparative financial information presented in the audited consolidated/ standalone financial statements of our Company as at and for the six month period ended September 30, 2019 and the comparative financial information presented in the unaudited consolidated/ standalone financial results of our Company as at and for the quarter and nine months period ended December 31, 2019 respectively. For further information, see "Financial Statements" on page 241.

In this section, unless the context otherwise requires, references to "we", "us", "our", "the Company" or "our Company" refer to Cholamandalam Investment and Finance Company Limited.

Overview

We are a non-banking finance company, incorporated in 1978 as the financial services arm of the Murugappa group, which has more than 119 years of existence. We commenced business as an equipment financing company and have since expanded our operations to offer vehicle finance, home equity loans, home loans and loans to small and medium-sized enterprises ("SMEs"). We also offer stock broking and a variety of other financial services to customers through our Subsidiaries.

Our customers include first-time buyers of vehicles and homes, self-employed and non-professional individuals, small and medium entrepreneurs and customers with informal income and limited banking and credit history. As of September 30, 2019, we had 10.5 lakh active customers across India. We are diversified in terms of the products we offer, the geographies within India where we operate and the customers we serve. We have a pan-India branch network that forms an integral part of our ability to serve our customers. As of September 30, 2019, we had 1,029 branches across 28 States and Union Territories in India.

We have been able to leverage our knowledge and experience in the vehicle finance industry coupled with our relationships with OEMs and dealers to grow our operations and expand our operating network. Our focus on technology and use of data analytics has allowed us to drive and digitize our operations, improve efficiency, reduce manpower and turnaround time. We believe that our track record of financial performance across our businesses, prudent risk management practices and strong credit ratings are key factors that have resulted in our growth over the years. In addition, being a part of the Murugappa group we have been able to derive significant synergies by leveraging their brand and existing customer base.

Our principal business segments include:

Vehicle Finance. We are focused on financing and refinancing vehicles, particularly light commercial vehicles ("**LCVs**"), small commercial vehicles ("**SCVs**") and used commercial vehicles. In recent years, we have increased our focus on financing of two-wheelers, three-wheelers, tractors, cars, multi-utility vehicles ("**MUVs**") and used passenger vehicles. We also finance heavy commercial vehicles ("**HCVs**") and construction equipment. As of September 30, 2019, Loans in the Vehicle Finance segment accounted for 77.3% of our total Loans while in the six months ended September 30, 2019, disbursements in this segment accounted for 79.8% of our total disbursements. We also have arrangements with OEMs as 'preferred financiers' to provide financing for their vehicles, and work with their dealer networks to provide our vehicle finance products to their customer base.

Home Equity. We offer secured loans against property, with a focus on self-occupied residential property, to self-employed (non-salaried) and non-professional customers engaged in small and medium-scale industries, service providers and traders. As of September 30, 2019, Loans in the Home Equity segment accounted for 18.5% of our total Loans while in the six months ended September 30, 2019, disbursements in this segment accounted for 13.6% of our total disbursements.

Others. Within the Others segment we primarily offer:

(i) Loans for Affordable Housing – We currently offer affordable home loans to self-employed and non-professionals seeking to buy and/ or construct new homes. Our Subsidiary, Cholamandalam Home Finance Limited had initially applied to the National Housing Bank, which is now pending with the RBI, for a license to operate as a housing finance company in June 2018 and will focus on providing financing to customers for affordable housing projects.

(ii) SME Loans – We primarily offer loans to SMEs that are secured by asset classes such as current assets and tangible security.

As of September 30, 2019, Loans in the Others segment accounted for 4.1% of our total Loans while in the six months ended September 30, 2019, disbursements in this segment accounted for 6.6% of our total disbursements.

We have, over the years been recognized for our products and excellence in operations by numerous awards including "Rising Star of the Year 2018 – 2019" at the India CX Awards, three time winner of the "Commercial Vehicle Financier of the Year" at the Mahindra Transport Excellence Awards in 2015, 2016 and 2018, CII Industrial Innovation Awards 2017 for "Top 26 Most Innovative Company" and "Best Corporate in Medium Category" in the 2nd ICSI CSR Excellence Awards in 2017.

The following table sets forth certain information relating to our operations and financial performance as of and for the periods specified:

(₹ lakhs, except ratios and percentages)

	As of / For the year ended March 31, 2018	**As of / For the year ended March 31, 2019**	**As of / For the six months ended September 30, 2019**
Loans			
- Vehicle Finance	31,47,282	40,60,588	43,07,127
- Home Equity	9,42,432	9,95,439	10,33,054
- Others	1,35,608	2,06,200	2,29,881
Total Loans	**42,25,323**	**52,62,227**	**55,70,061**
Closing Assets (Balance Sheet)	42,95,741	55,88,921	60,80,376
Operating Expense	1,11,526	1,26,955	75,162
Net Income Margin	7.5%	6.9%	6.7%
Expense Ratio (%)	3.0%	2.6%	2.6%
Loan Losses (%)	0.8%	0.6%	0.7%
Return on Total Assets – PBT(%)	3.7%	3.7%	3.4%
Return on Total Assets – PAT(%)	2.5%	2.4%	2.1%
Gross Stage III Assets	3.4%	2.7%	3.2%
Stage III Assets (Net)	2.2%	1.7%	2.1%
Provision Coverage Ratio	34.2%	38.0%	34.4%
Tier I Capital	5,03,732	6,13,435	6,79,410
CRAR	18.2%	17.4%	17.1%

 # For a computation of Closing Assets (Balance Sheet) see page 41 in the section titled "Selected Statistical Information".

Competitive Strengths

We believe that the following are our key competitive strengths:

Strong retail focus with diversified product portfolio

We believe that our comprehensive understanding of rural and semi-urban markets and strategic focus on individuals and customer segments that are underserved by formal financing channels has led to our growth. Our experience of over four decades in rural and semi-urban markets has led to a significant understanding of local characteristics of these markets and has allowed us to address the unique needs of our customers. Our customers in the Vehicle Finance segment include first-time buyers of vehicles and customers with informal income and limited banking and credit history, while customers in our Home Equity segment include self-employed and non-professional individuals, small and medium entrepreneurs. We have a large customer base and as of September 30, 2019, we had 10.5 lakh active customers across India through our operations across 1,029 branches.

We offer a diverse range of financial products through our principal business segments: (i) Vehicle Finance; (ii) Home Equity; and (iii) Others. As at September 30, 2019, our Vehicle Finance, Home Equity, and Others segment constituted 77.3%, 18.5% and 4.1% of our total Loans, respectively. Within our Vehicle Finance Segment, LCVs, HCVs and Cars, and MUVs represented 16.2%, 11.4% and 12.8% of our total Loans, respectively, as of September 30, 2019. For further information on the assets we finance and a breakdown of our Loans based on the financing products offered, see "*Selected Statistical Information*" on page 40. Over the years, we have been able to grow our segments by introducing new products to address our customers' requirements. We mitigate our exposure to the commercial vehicle industry, the performance of which is closely linked with the level of industrial economic activity in the country, by diversifying our Loans across a range of consumption-led asset classes such as two-wheelers, three-wheelers, and other asset classes. We have also diversified our asset portfolio across a range of customer segments. We also finance commercial assets, such as commercial vehicles and construction equipment, as we believe these assets enable income-generation, which results in a quality loan portfolio, in terms of loan repayment (as the asset or activity financed is expected to generate cash flows to service the loan) as well as in terms of recovery (as the asset financed typically forms the security for the loan disbursed). We have entered into preferred financier arrangements with various OEMs to provide financing for their vehicles, and work closely with various dealer networks to provide our vehicle finance products to their customer base.

Our knowledge and experience in the vehicle finance industry in India provides us with a competitive advantage. The commercial vehicle financing industry is fragmented, and our ability to further grow our business through our expansive operating network, relationships with OEMs and dealers, and streamlined, stringent credit analysis and underwriting processes have contributed to our growth and historical financial performance.

Extensive distribution network with focus on rural and semi-urban markets

We operate an extensive network of 1,209 branches across 28 States and Union Territories in India, as of September 30, 2019. Our branch network has grown from 709 branches as of March 31, 2017 to 911 branches as of March 31, 2019.The reach of our network of branches provides us with the width and depth to access a wide and diverse base of existing customers and attract new customers. Our branches are located across regions in India leading to geographically diversified exposure with North, South, East and West regions of the country accounting for 22.1%, 26.6%, 21.0% and 30.3% of our Company's total Loans as of September 30, 2019. As of September 30, 2019, 80.2% of our branches were situated in rural centres, i.e., areas that comprise population of less than 400,000 while 13.3% were situated in semi-urban centres, areas that comprise population between 4,00,000 to 15,00,000 persons, as of September 30, 2019. For further information, see " – *Branch Network*" on page 164. Our branches are well-diversified across India and as of September 30, 2019, 23.5%, 27.1%, 26.0% and 23.3% of our branches were located in the North, South, East and West regions of India, respectively. Our distribution network allows us to lend across the country and enables us to mitigate our exposure to local economic factors and disruptions resulting from political circumstances or natural disasters. We believe that our widespread branch network diversifies the geographical risk of our portfolio by reducing reliance on any one region in India and allows us to apply our experience from one region to other regions.

Our extensive distribution network also exposes us to opportunities to cross-sell products and services and better penetrate Tier III, Tier IV, Tier V and Tier VI towns in India. As of September 30, 2019, 88.4% of our branches were located in such Tier III, Tier IV, Tier V and Tier VI towns. In addition to enabling access to new customers, our physical presence helps us in providing customized service and targeted support to our existing customers. Our well-developed distribution network in India also gives us the capability to offer a variety of financial products in areas that we believe most companies find difficult to access. In our Home Equity segment, we also operate through our DSAs, and as of September 30, 2019, were able to provide personalised services in close proximity to our customers through our network of 550 DSAs.

We service multiple segments and products through our branches, which reduces operating costs and improves total sales. We believe that the inherent challenges involved in developing an effective branch network in rural and semi-urban centres provides us with a significant advantage over our competitors.

Strong technology platform and analytics capability

A significant competitive strength for us has been our strong in-house technology and data analytics capabilities that helps us scale our infrastructure and serve our customers. Our digital platform improves engagement with our customers and facilitates technology-led integration with ecosystem partners like OEMs and dealers. As of September 30, 2019, our field force comprising over 15,000 employees make use of handheld devices to digitize activities around sales and collections functions. Our technology solution manages the complete customer on-boarding lifecycle including customer acquisition, loan application, verification, underwriting and in-principle approval. As part of this process, our platform facilitates integrates with APIs related to borrower identity verification, credit checks, financial statement analysis and payment gateway services. Our mobile application empowers customers to interact and transact with us digitally. As of September 30, 2019, our mobile application 'Chola' was used by our customers to transact with us and repay loans through cashless channels like net banking, payment gateways and Unified Payments Interface.

We make continuous efforts to identify and improve automation across processes and functions. Our loan management system, collection management and document management systems have helped us to scale efficiently such that we have handled the rise in Vehicle Finance loans from 7,73,379 as of March 31, 2017 to 12,01,494 as of March 31, 2019, and from 10,34,065 as of September 30, 2018 to 13,88,394 loans as of September 30, 2019. We manage our technology infrastructure in-house and have systems in place to alert and prevent security incidents and cyber-attacks. We also regularly engage external cybersecurity experts to analyze and review our applications and systems. We use digital platforms and data analytics for underwriting customers across financial segments, geographies, and various loan products. In addition to the use of data analytics for our underwriting models, we also rely on artificial intelligence and analytical platforms to build predictive models across credit, sales, collections and risk functions. With our use of technology measures, we have been able to strategize our credit risk, field collections efficiency, sales productivity, cross sell efficiency, audit and fraud monitoring. Our in-house developed risk monitoring tool '*Chola Composite Risk Index*' measures the movement of critical risks. We have deployed automated dashboards as part of our operations that help us review portfolios and support decision making. We believe that our use of technology in our risk management framework has helped us maintain relatively low NPAs / Stage III Assets.

Track-record of business growth and consistent financial performance

We offer a range of products that address the specific financing requirements of first-time buyers, farmers and self-employed individuals as well as small and medium enterprises and offer products such as vehicle finance, home equity loans, home loans and loans to micro, small and medium-sized enterprises and other services such as stock broking and other financial services through our Subsidiaries. Over the last three Fiscals and in the six months ended September 30, 2019, we have achieved consistent growth in our business and financial performance. Our Total Income increased from ₹ 5,47,966 lakhs in Fiscal 2018 to ₹ 6,99,264 lakhs in Fiscal 2019 and was ₹ 4,22,654 lakhs for the six months ended September 30, 2019, while Profit After Tax increased from ₹ 91,830 lakhs in Fiscal 2018 to ₹ 1,18,615 lakhs in Fiscal 2019 and was ₹ 62,120 lakhs in the six months ended September 30, 2019. Our Company's Loans have increased by 24.5%, from ₹ 42,25,323 lakhs as of March 31, 2018 to ₹ 52,62,227 lakhs as of March 31, 2019 and was ₹ 55,70,061 lakhs as of September 30, 2019. As of March 31, 2018 and 2019 and as of September 30, 2019, our Return on Total Assets – PAT was 2.5%, 2.4% and 2.1%, respectively, while our Net Income Margin was 7.5%, 6.9% and 6.7%, respectively.

We believe that the strength of our balance sheet, the Murugappa group parentage, our strong credit ratings and effective treasury management enable us to access cost effective and diverse sources of funds constituting loans from banks (comprising of rupee loans, foreign currency term loans, working capital demand loan and cash credit) and multilateral agencies, through the issue of redeemable non-convertible debentures, commercial paper, perpetual debt instruments and sub-debt facilities. For further information, see " – *Credit Rating*" on page 171. Our track-record of debt servicing has allowed us to establish and maintain relationships with financial institutions. In Fiscal 2018 and 2019 and in the six months ended September 30, 2019, we incurred Finance Costs of ₹ 2,65,933 lakhs, ₹ 3,58,874 lakhs and ₹ 2,26,393 lakhs, respectively. As the majority of our Loan portfolio is classified as 'priority sector lending', it provides us the ability to negotiate competitive interest rates with banks, NBFCs and other lenders including buyers of receivables by way of securitization and assignment.

Experienced management team

We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior management team has diverse experience in various financial services and functions related to our business, and an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and guide our employees. In addition, our management has a track record of entering and growing new lines of business, such as insurance broking and housing finance. For further information on our management team, see "*Board of Directors and Senior Management*" on page 182.

Our Strategies

Transform into a technology driven and analytics powered NBFC

Our strategic focus is to use technology to become an agile and data-driven NBFC. We will continue to further scale up our digital platform to improve efficiency. We intend to introduce a new version of our mobile application that will integrate with the handheld devices used by our sales and collections teams. Besides creating solutions using latest technology, we also intend to partner and integrate with a wider set of technology service providers and fintech companies to improve the productivity of our field force, the accuracy and quality of data captured, and reduce turnaround time. We also plan to increase the scope and quantity of internal processes that will be covered by our process automation platform. We intend to deploy cognitive bots to assist our customers as well as our back-office staff to improve speed and efficiency. For our core applications, we intend to augment our loan management system with newer lead management and customer relationship management solutions. We believe that these will help improve our ability to serve customers consistently via mobile, online and voice channels. We also intend to integrate our lead management solution with our partners like OEMs and dealers resulting in better lead sharing, quicker in-principle approval and lead progress updates. To improve our digital infrastructure, we are evaluating the option to migrate our infrastructure to a cloud-based platform that will host our solutions. This would allow us to improve the agility and scalability of our operations and address customer requirements.

As we increase the deployment and use of our digital solutions, we believe that the ability to capture data across our business will allow us to become more efficient and provide customer centric and bespoke solutions, thereby improving customer satisfaction, engagement and retention. We are in the process of developing a digital data repository where data from different systems will be brought together in a cohesive fashion to help key decision makers review information on a near real-time basis and take action based on data analysis, alerts and forecasts. As part of our digital initiatives, we will continue to focus on developing the skills of our technology staff to help design, develop and support our digital platforms. We intend to develop skills around enterprise architecture, cyber-security, cloud and cloud-native architecture and data analytics.

Leverage our existing model to consolidate our business and focus on partnerships to drive growth and profitability

We have over the years built an operating model that has allowed us to successfully grow our business and scale our operations. Going forward, we intend to supplement our existing model by ensuring end-to-end digitization, automated functionalities and minimal manual intervention across our business segments. We also propose to further develop our underwriting models to facilitate straight-through processing, implement a one-time maker-checker concept to avoid duplication of work and create a platform that will integrate across systems including our '*Gaadibazaar*' platform and external dealer systems to derive process efficiencies. We are in the process of creating real-time digital dashboards that monitor performance across input and output parameters, generate daily run rate reports, contact recordings and roll rate reports.

To grow our portfolio, we intend to engage with various third party intermediaries to augment customer data including social media platforms, ride hailing platforms, online aggregators, ecommerce websites and credit bureaus. We believe that such partnerships would enable us in making targeted sales, improving our underwriting models and predicting defaults, both pre-delinquency and post-delinquency. We will also selectively explore investment opportunities in businesses that complement our current business and are aligned with our objectives. We believe that our partnerships driven model would allow us to scale our operations, create propositions that will benefit our customers and provide access to a larger customer base that would otherwise be inaccessible to owing to higher customer acquisition costs. We believe that partnerships with third parties is a key strategy to grow our business and operations. We will look to build alternate channels for lead generation by developing digital channels and partnerships with aggregators, fintech companies and start-ups. Particularly, in the Vehicle Finance segment, we intend to collaborate with private and government-owned banks to co-originate loans and have direct leads from OEMs and dealers. We believe that as a non-deposit accepting NBFC engaged in vehicle finance, we will derive synergies from such partnerships given the wide customer base of such banks, our presence in rural areas and our track-record for ensuring collection. We also intend to leverage our relationships with OEMs and dealers to serve as their captive finance arms and thereby build our customer base.

Grow our affordable housing finance business through our existing network and customer base

We believe that the increased focus of the GoI on low-income to mid-income housing initiatives, including under the Pradhan Mantri Awas Yojana, provides significant growth opportunities. We intend to continue our housing finance business through our subsidiary, Cholamandalam Home Finance Limited, which will focus on providing financing for affordable housing projects, with a focus on Tier III, Tier IV, Tier V and Tier VI towns. Our subsidiary, Cholamandalam Home Finance Limited, had initially applied to the National Housing Bank, which is now pending with the RBI, for a license to operate as a housing finance company in June 2018. We intend to leverage our expansive operational network and large customer base across India to cross-sell our housing finance products to our existing customers. The provision of housing loans through a registered housing finance entity will provide us with certain competitive advantages as well as lower risk-weightage applicable to housing finance loans. To grow our affordable housing business, our focus will be to leverage our relationships with our existing DSAs and intermediaries such as property agents to generate leads and increase sourcing from our direct sales teams ("**DSTs**"). The endeavour will be to ensure that going forward such DSTs are our primary souring channel in Tier III, Tier IV, Tier V and Tier VI cities and towns. We also intend to improve our existing digital processes to create a differentiated customer experience, contain costs and mitigate risk. We believe that the housing finance business is counter cyclical in nature to our existing business which is focused primarily on vehicle finance. Furthermore, we believe that housing finance products provide lower credit loss with longer maturities and involve increased equity participation of borrowers. All of these factors will benefit our business from an asset portfolio diversification perspective.

Our Businesses

We have three business verticals: (i) Vehicle Finance; (ii) Home Equity; and (iii) Others.

Vehicle Finance

The vehicle finance segment is principally engaged in financing and refinancing of new and used vehicles, particularly LCVs, and SCVs. We also finance HCVs, cars and MUVs, construction equipment, three-wheelers, two-wheelers and tractors. Our customers include first-time buyers, farmers, small businesses including SRTOs and self-employed individuals.

Our Company's Vehicle Finance segment represented 74.5%, 77.2% and 77.3% of our total Loans as of March 31, 2018 and 2019 and as of September 30, 2019, respectively. Total Loans in the Vehicle Finance segment was ₹ 31,47,282 lakhs, ₹ 40,60,588 lakhs and ₹ 43,07,127 lakhs as of March 31, 2018 and 2019 and as of September 30, 2019, respectively. In Fiscal 2018 and 2019 and in the six months ended September 30, 2019, disbursements in the Vehicle Finance segment were ₹ 20,60,732 lakhs, ₹ 24,98,324 lakhs and ₹ 12,73,613 lakhs, respectively.

The table below sets forth certain information on our Loans under Ind AS based on the various products offered under our Vehicle Finance segment:

Product Category	**Loans**							
	As of September 30,				**As of March 31,**			
	2018		**2019**		**2018**		**2019**	
	Loans (₹ lakhs)	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**
Vehicle Finance								
- LCVs	7,59,946	16.2%	9,03,984	16.2%	6,73,552	15.9%	9,01,264	17.1%
- Car and MUVs	5,61,413	12.0%	7,14,515	12.8%	5,03,662	11.9%	6,47,309	12.3%
- HCVs	6,70,464	14.3%	6,33,820	11.4%	6,01,327	14.2%	7,04,724	13.4%
- Refinance	4,93,227	10.5%	6,11,383	11.0%	4,59,039	10.9%	5,54,578	10.5%

Product Category	Loans							
	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans
- Older Vehicles	3,77,923	8.1%	4,89,678	8.8%	3,51,204	8.3%	4,38,857	8.3%
- Tractors	2,55,147	5.5%	3,23,738	5.8%	2,23,398	5.3%	2,96,839	5.6%
- Three-wheelers and Small Commercial Vehicles	1,81,166	3.9%	2,54,390	4.6%	1,56,705	3.7%	2,23,357	4.2%
- Construction Equipment	1,53,149	3.3%	2,12,291	3.8%	1,18,215	2.8%	1,97,390	3.8%
- Two-wheelers	55,736	1.2%	1,36,496	2.5%	31,119	0.7%	94,452	1.8%
- Others	42,514	0.9%	26,831	0.5%	29,063	0.7%	1,820	0.0%
Total	**35,50,685**	**75.9%**	**43,07,127**	**77.3%**	**31,47,282**	**74.5%**	**40,60,588**	**77.2%**

Home Equity

Our Company typically offers home equity finance to customers who are looking to expand their business operations. The primary customer segment being self-employed and non-professional individuals, small and medium entrepreneurs, service providers and traders. Financing in this segment is generally secured over the existing property of the borrower, which could be a self-occupied residential property or a commercial property. We began focusing on our Home Equity segment in 2003 and as of September 30, 2019, this segment is serviced out of 239 branches across India. Our Company's model for the Home Equity segment is based on an engagement approach. Our field force personnel visit prospective customers at their homes or offices for origination and servicing of loans. They also inspect the collateral provided by the customer to validate the marketability and value of the collateral.

Our Company's Home Equity segment represented 22.3%, 18.9% and 18.5% of our total Loans as of March 31, 2018 and 2019 and as of September 30, 2019, respectively. Total Loans in the Home Equity segment were ₹ 9,42,432 lakhs, ₹ 9,95,439 lakhs and ₹ 10,33,054 lakhs as of March 31, 2018 and 2019 and as of September 30, 2019, respectively. In Fiscal 2018 and 2019 and in the six months ended September 30, 2019, disbursement in the Home Equity segment were ₹ 3,17,404 lakhs, ₹ 3,83,655 lakhs and ₹ 2,16,508 lakhs, respectively.

The table below sets forth certain information on our Loans under Ind AS based on the various products offered under our Home Equity segment:

Product Category	Loans							
	As of September 30,				As of March 31,			
	2018		2019		2018		2019	
	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans	Loans (₹ lakhs)	% of Total Loans
Home Equity								
- Self-Occupied Residential Property	8,06,281	17.2%	8,12,213	14.6%	7,92,947	18.8%	8,03,695	15.3%
- Commercial Property	96,628	2.1%	1,28,311	2.3%	83,634	2.0%	1,10,743	2.1%
- Others	74,422	1.6%	92,530	1.7%	65,851	1.6%	81,001	1.5%
Total	**9,77,330**	**20.9%**	**10,33,054**	**18.5%**	**9,42,432**	**22.3%**	**9,95,439**	**18.9%**

Others

Loans for Affordable Housing: Our Company offers loans for affordable housing with a focus on the self-employed and non-professional demographic seeking to buy and/ or construct new/ existing homes. Our Company offers finance which is secured against the borrower's property. Our Company's loans for affordable housing business was launched in Fiscal 2013 and has a customer base of around 20,000 as of September 30, 2019. As at September 30, 2019, our Company's home loan operations were carried out from 171 branches, most of which are co-located with vehicle finance branches.

SME Loans: Our Company provides loans secured by asset classes such as commercial property, residential property, current assets and loans and advances. The financial products offered by our Company include bill discounting, equipment finance, working capital demand loans and short to medium term loans. The target customer base for this segment continues to be vendors and dealers of associated and group companies of Murugappa group, the vendor network of our existing customers with whom our Company has a previous relationship, other existing customers and other corporates.

Our Company's Others segment represented 3.2%, 3.9% and 4.1% of our total Loans as of March 31, 2018 and 2019 and as of September 30, 2019, respectively. Total Loans in the Others segment were ₹ 1,35,608 lakhs, ₹ 2,06,200 lakhs and ₹ 2,28,938 lakhs as of March 31, 2018 and 2019 and as of September 30, 2019, respectively. In Fiscal 2018 and 2019 and in the six months ended September 30, 2019, disbursement in the Others segment were ₹ 133,215 lakhs, ₹ 1,63,115 lakhs and ₹ 1,05,245 lakhs, respectively.

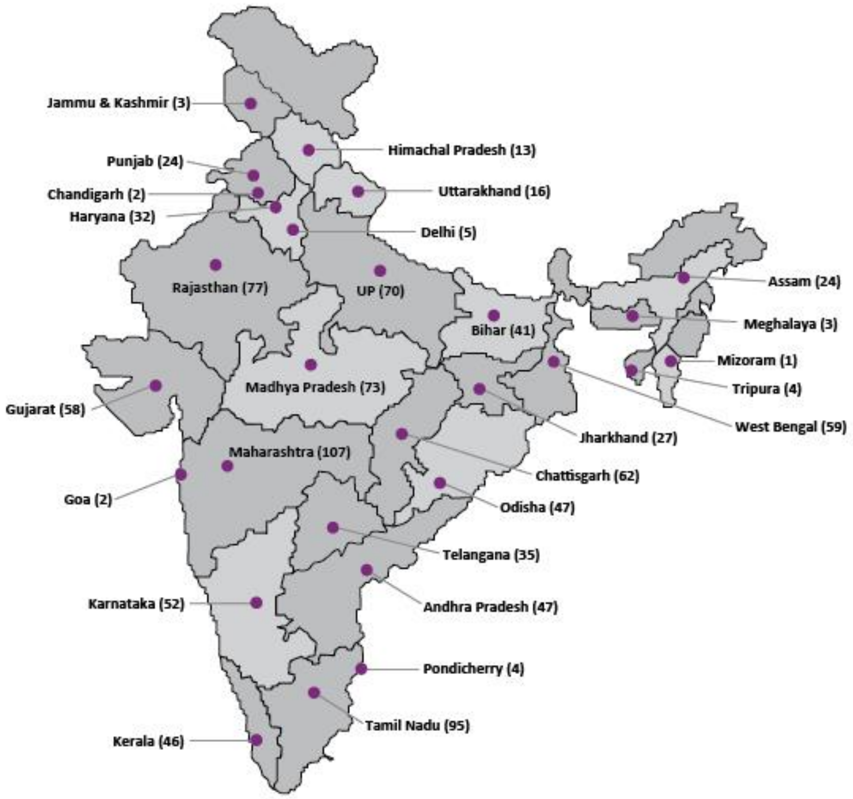
The table below sets forth certain information on our Loans under Ind AS based on the various products offered under the Others segment:

Product Category	**Loans**							
	As of September 30,				**As of March 31,**			
	2018		**2019**		**2018**		**2019**	
	Loans (₹ lakhs)	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**	**Loans (₹ lakhs)**	**% of Total Loans**
Others								
- Home Loans	1,31,566	2.8%	2,10,230	3.8%	97,818	2.3%	1,91,171	3.6%
- Small and Medium Enterprise Loans	17,763	0.4%	18,707	0.3%	30,309	0.7%	13,531	0.3%
- Others	2,921	0.0%	944	0.0%	7,482	0.2%	1,497	0.0%
Total	**1,52,250**	**3.2%**	**2,29,881**	**4.1%**	**1,35,608**	**3.2%**	**2,06,200**	**3.9%**

Branch Network

As at September 30, 2019, our Company had 1,029 branches located in 28 States and Union Territories in India.

The map below sets out details of our branches as of September 30, 2019:



[Map not to scale]

Our Company's Operations

Our Company operates under a "hub and spoke" business model, where responsibilities from loan origination to recoveries of loans are vested in each of the respective branches, under the overall supervision and control of our Company's head office. Our branches are connected to the central hub in Chennai through our Company's digital platform. The head office and senior management are primarily responsible for the overall business strategy, operational management, information technology, digital strategy and policy formulation for our Company's businesses. However, the credit decision process in connection with loans is decentralised and vested primarily with branches, which ensures timely credit approvals and more efficient turnaround times in processing the loans.

Our Company's business operating structure can be classified as follows:

Head Office Operations: The centralised operations at Chennai consist of the following functions:

- Loan disbursements;
- Maintaining loan file closures;
- Channel partner payment processing;
- Overall customer relationship management;
- Banking and post disbursement documentation; and
- Document management.

Branch Operations: Our Company's branches are largely autonomous and are vested with powers of loan origination, credit evaluation and approval and loan servicing and recoveries, under the general supervision of the head office. Our Company's focuses on closely monitoring its assets and borrowers through its local management at each branch. Our Company's branch officials develop relationships with their target customer base, which enables them to capitalise on local knowledge. Our Company follows stringent credit policies, including limits on customer exposure, to ensure the asset quality of loans and the security provided for such loans. We have a dedicated team of employees at each branch (comprising full-time employees and outsourced personnel) who are responsible for: (i) loan origination, (ii) credit evaluation and verification of borrower information to ensure compliance with internal KYC policies, (iii) pre-lending field investigations where our officials personally visit prospective customers at their homes or offices, (iv) post-lending credit appraisal, (v) branch level receipting and cash management, and (vi) customer service and lead generation.

Our Company's loan disbursement and allied operational activities have been certified ISO 9001:2015. We implemented a quality management system for our Company's operations in 2019 and have since established processes and methodologies that adhere to international standards to achieve consistency in servicing its customers. We believe that our quality management system has helped our operations in achieving greater consistency in the activities, increasing efficiency, improving customer satisfaction and improving processes and systems.

Business Origination

As of September 30, 2019, our Company's customer base comprised 10.5 lakh active customers. Our Company's customers are predominantly small entrepreneurs and self-employed individuals in rural and semi-urban areas. Depending on the nature of the financing granted, our Company secures each of the loans extended against existing and/ or target property, commercial property and other business assets.

Vehicle Finance

Our Vehicle Finance segment has a dedicated team for business origination which pertains to sourcing and identifying customers eligible as prospective borrowers for the Company. All activities, including field investigation, personal discussion, original seen and verification of 'know your customer' documents (as per RBI approved KYC norms), collection of all relevant documents and a due diligence of the borrowers to evaluate the credit worthiness of the borrower is undertaken by sales executives. All documents are then verified by the credit and operations department of our Company.

Home Equity

For the Home Equity segment, customers are sourced through a combination of in-house sales teams and through DSAs. In addition, digital channel lead sourcing has been created to generate organic online leads. Leads generated though these digital channels are assigned to in-house sales team for further processing. As of September 30, 2019, we also engaged 550 DSAs and 12,170 referral agents in our Home Equity segment.

Others

Similar to the Home Equity segment, the sales and marketing, credit underwriting and receivables management functions of the home loan finance segment are carried out in-house. The sales and marketing team also source customers through a combination of in-house sales functions, DSAs, online lead aggregators and other referral agents. As of September 30, 2019, we engaged 20 DSAs, five online lead aggregators and 1,700 referral agents in this segment.

Sales and credit managers carry out personal discussions with customers as part of the credit appraisal process. For our SME loans, sourcing is primarily carried out through internal sales managers and in case of machinery loans the sourcing will be through manufacturer tie-up and dealers.

Internal Control Measures

We have implemented comprehensive internal control measures to ensure process quality and standard operating procedures for all operations. We have prepared risk registers for all processes, identifying all potential risks including potential mitigants, controls and risk triggers. Our in-house and independent internal control process teams carry out audit checks of critical processes and all key operational processes are centralised at our head office for better control.

Operations across Segments

Vehicle Finance: We have a well-developed structure to handle our Vehicle Finance segment. The key functions within Vehicle Finance segment are as follows:

- Sales;
- Credit underwriting; and
- Receivables management

The sales and marketing, credit underwriting and receivables management functions of the Vehicle Finance segment are a combination of in-house and outsourced personnel. This allows us to maintain complete control over the quality of business being sourced and timely and relevant enforcement and recovery action in the event of defaults. The functions at the branch level are led by a branch manager, branch credit manager and branch receivables manager. These are managed at the national level by national managers for sales, credit and collections.

Home Equity: The sales and marketing, credit underwriting and receivables management functions of the Home Equity segment are carried out in-house. We have created a digital channel lead sourcing mechanism to generate organic online leads. Leads generated though these digital channels are assigned to in-house sales team for further processing. The Home Equity segment involves an engagement approach through visits by personnel to prospective customers at their homes or offices for origination and servicing of such loans. Similar to the Vehicle Finance business, the functions at the branch level are led by a branch manager, branch credit manager and branch collections manager. These functions are managed at the national level by national managers for sales, credit and collections.

Others – Loans for Affordable Housing: Similar to the Home Equity and Vehicle Finance segments, our Company's functions at the branch level are led by a branch manager, branch credit manager and branch collections manager. These functions are managed at the national level by national managers for sales, credit and collections. We also have national managers for technical and legal scrutiny under the national credit manager and have developed a fully digital on-boarding system for our home loans business where all KYC documents are verified online instantly, bureau checks are completed, bank statements are analysed and an in-principle sanction is provided to the customers. Regular updates are provided to the customer through SMS.

Others – SME: Credit managers conduct personal visits and evaluate the credit requirements of customers. Functions at the branch level are led by a branch manager, branch credit manager and branch collections manager. These functions are managed at the national level by national managers for sales, credit and collections.

Credit Appraisal and Disbursement

Credit Appraisal

The credit evaluation process commences once the proposed financing is submitted for appraisal. Our credit evaluation process follows the below matrix:

CAPACITY	⟶	ABILITY TO REPAY → As verified in personal discussions with customers, proof of asset creation and documentation submitted.
CAPITAL	⟶	APPLICANT'S EQUITY → LTV is an important evaluation criteria and the company also complies with the relevant regulatory norms
COLLATERAL	⟶	ASSET BACK-UP → A detailed assessment of the collateral is taken up through a field visit of the property by managers, technical and legal verification by professional agents, vetting of technical and legal reports by managers
CONDITIONS	⟶	Terms of the loan are determined.
CHARACTER	⟶	INTENTION/ TRUSTWORTHINESS → KYC documents, bank statements and bureau reports are duly verified to assess credit worthiness of customers.

There are various credit tools to assist the credit evaluation process, such as field investigation reports, inquiry "deduplication" (which involves the removal of "duplicate" credit inquiries of a borrower in determining creditworthiness), CIBIL, credit reference checks, personal discussion, technical and legal verification, financier interaction and market visits.

Our credit assessment criteria follows a process focusing on: (i) quality portfolio; (ii) consistency in credit appraisal; (iii) innovation and improvisation; (iv) productivity; and (v) profitability.

We aim to identify and measure risk to ensure loans are sanctioned with optimum productivity and desirable portfolio behaviour. The primary responsibility of the credit team is to analyze risks and to make credit decisions that will result in granting low-risk, profitable loans in which the principal and interest is estimated to be repaid in a timely fashion. Our credit managers analyze the borrower's ability and willingness to repay.

Loan Approval and Documentation – The branch credit manager approves proposals received from the credit officer. In evaluating the customer, apart from the ability to repay (which is the main criteria), the branch credit manager will take into consideration other factors such as permanency of residence, past repayment record, income from other sources, entrepreneurial attitude, physical verification of the asset, if any, to be purchased and operational viability of the proposed business, if applicable. Upon approval, borrowers will enter into our Company's standard financing agreement. A charge is created on the property to ensure that the company's interests are safeguarded. Original property documents are scrutinized and placed under a high security safe vault.

The funds are advanced after this process of evaluation and upon providing the necessary documentation. Our objective is to ensure appraisal and disbursement within the shortest possible time, without compromising on credit quality.

Valuation

There is an inspection and valuation of the asset to be funded and valuation is on the basis of the quality and condition of the asset. We have empaneled valuers after conducting due diligence on such valuers. We maintain an internal grid value for all vehicle models which is revised periodically. The asset cost considered for determining the loan amount to the borrower is the lower of the valuation (market cost) or grid value as determined.

We have adopted a scientific model for determining Loan to Value (LTV) for every loan granted. In addition to the traditional model for disbursing a loan on the basis of pre-determined matrix, we rely on mathematical modelling to assist with all loans being sanctioned.

Credit Underwriting

The credit worthiness is measured by the capacity, capability, commitment and intention of the customer to repay. The credit underwriting process is decentralized at all the branches, with approvals happening as per the authority limit of the credit manager/ underwriter. Beyond their respective credit limits, the loan proposal is referred to the respective regional credit heads, who further report to the national credit manager.

Vehicle Finance: Credit underwriting is rendered through credit scoring mechanism which is a predictive model to quantify the likelihood of default of a new credit applicant using certain key trends identified.

Home Equity: The credit decision of every loan proposal within the Home Equity segment is determined through an assessment of the applicant's credit worthiness. In addition to the credit assessment of the borrower, the loan proposal requires legal evaluations of the collateral property. Legal evaluation includes review of the title documents of the collateral to ensure a clear and marketable title for the collateral. At the time of loan disbursement, the credit manager checks and collects the entire set of original documents, along with the root and supporting documents/ certificates of the collateral, as instructed by the advocate as part of a legal opinion. The technical evaluation of the collateral includes estimation of current market value of the property, determining deviations in the construction of the property from the local rules, details of the approach to the property, demolition risk or encroachment risk and validation of the approval authority. We undertake two technical evaluations and select the lower of these evaluations. The credit manager will match the details of the valuation report with legal report before the disbursement of the loan.

Others – Loans for Affordable Housing: The process of evaluating a customer's ability to repay is similar to that in Vehicle Finance segment. We place emphasis on the quality of the collateral. Disbursement powers vary with each financial product. Further, business heads and the managing director are authorised to delegate loan disbursement powers to the operating managers at the branch level. The business follows clearly defined procedures for evaluating the creditworthiness of customers.

Approval

Credit managers are empowered to sanction loans within the limits prescribed, depending upon the experience, maturity and knowledge levels of each credit manager. Delegated limits are based on the specific experience of each credit manager, as opposed to their position of employment. Regular training and testing is conducted for the credit managers and other personnel. Delegated authority will be granted for management at various levels, e.g. branch, area, regional, zonal and national level. We have a well-defined authority matrix in place for delegating authority to credit managers, which includes components such as transaction value, customer/ group exposure limits and permitted exceptions and deviations to norms or policies. Further, there is a parameterized credit scoring model to ensure that credit decisions are objective. There are credit control managers at our head office to lend support to branches for reports and data pertaining to portfolio behaviour, trends and analysis and service issues.

Loan Administration and Monitoring

Receivables management is a strong focus area for the company. Collections are made on the basis of well-defined processes and policies. The businesses have an in-house collection team for making recoveries from the customer.

Once the disbursement of a loan amount has occurred, the executed financing agreements are logged in our Company's books of account. A unique contract number and a customer account is assigned to each customer, through which the loan transaction is monitored until the successful completion of the contract.

We provide our customers five payment options – (i) cash; (ii) cheque; (iii) electronic clearing service mandate; (iv) demand drafts; and (v) digital payments. Digital payments include UPI, net banking and debit cards. Repayments are mostly made in monthly, quarterly or semi-annual instalments based on customer requirements. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer (based on standard documentation). We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenor of the loan, the number of instalments due and any default committed.

Our Company's management information service department and centralised operating team monitor compliance with the terms and conditions of credit facilities.

Defaults

Any loan default by a customer will be notified to them and the necessary action will be taken by our central team. In case of any default, we notify the customer and demand payment of outstanding amounts. In the event of subsequent non-payment by the customer, criminal and/ or civil legal action may be initiated. We also engage debt recovery agencies to recover debts and/ or seize secured assets. In the case of delayed payments, we also charge additional interest over and above the interest rate charged for the loan.

Collection and Recovery

Vehicle Finance: Our loan recovery process, post default, is primarily through cash payments, cheques and digital/ electronic modes. Our collection operation is administered in-house and also through external collection agencies. Upon occurrence of a default, the reasons for the default are identified by local collection managers and appropriate action is then initiated. Based on the severity of the breach and the borrower's current position, as well as recommendations from the collections team, appropriate legal action may be initiated, including the recovery of secured assets.

Any vehicles which has been repossessed as a result of legal action following non-payment of a loan will be held at a designated secured facility for eventual sale. Any customer whose asset has been repossessed will be notified as to the outstanding loan amount to be paid within a specified period, failing which the asset may be disposed of through auction. In the event that there is a shortfall in the recovery of the outstanding amount from the sale of the asset, further legal proceedings against the customer may be initiated.

Home Equity: The default of EMIs in the Home Equity segment is handled by a three-stage process.

The field collection team managed by branch collection manager/ area collection manager handles the direct follow up with default customers for the payment of overdue amount. The money collected by this team is receipted through handheld devices provided to field executives. The collected amount in this case will directly be credited to the customer's statement.

The branch legal team assists the front-end collection efforts, in cases where the field collections team is not able to collect the EMIs directly. In such cases, legal action or arbitration proceedings are initiated towards recovering the overdues from customers by the branch legal team.

The central legal team at the head office supports the collection efforts, above and beyond the efforts of the field collection team and the branch legal team. MIS personnel at the central team provide the branch teams with critical information on data and documentation required for field collection efforts and legal action.

The repossession of the property by Home Equity business is effected through two legislations, namely, Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Arbitration and Conciliation Act, 1996, each as amended.

Others: Similar to Vehicle Finance and Home Equity segments, the recovery process is primarily through post-dated cheques and digital/ electronic modes. At locations where electronic clearing services are not available, post-dated cheques are stored at our head office and deposited on the required due date. Our collection operation is administered primarily in-house. Upon occurrence of a default, the reasons for the default are identified by local collection managers and appropriate action is then initiated. Based on the severity of the breach and the borrower's current position, as well as recommendations from the collections team, appropriate legal action may be initiated, including the recovery of secured assets.

The legal action is typically initiated by issuing a demand notice to customers. Once the account is non-performing and after the stipulated period from issuing the demand notice the arbitration process is initiated. The arbitration process culminates in the issuance of an award by the arbitrator. After the stipulated cooling period an execution petition is filed in the relevant court. The due process is followed which culminates in receiving an order to attach immovable property. Subsequently, the court authorizes a proclamation of sale and the property is auctioned to recover the amount. In some cases, criminal action may be initiated. Through the entire period, we also make efforts to arrive at an out of court settlement to expedite the recovery. In the event that there is a shortfall in the recovery of the outstanding amount from the sale of the asset, further legal proceedings against the customer may be initiated.

In addition, for our SME loans we also initiate proceedings under the Insolvency and Bankruptcy Code, 2016.

Marketing and Customer Service Initiatives

As part of our customer service initiatives, we maintain a toll-free number and provide SMS facilities to easily address and, if required, resolve customer queries. We have launched various publicity campaigns through print, static branding activity and direct customer contact to increase visibility for the commercial vehicle finance segment in our priority markets, specifically targeting our customer's profile (being FTUs and SRTOs) and to enhance our brand identity. We have also developed a digital platform for used commercial vehicle finance dealers and customers to purchase and sell used commercial vehicles.

Treasury Operations

Our treasury operations are centralised and mainly focused on meeting our funding requirements and managing short-term surpluses. Our funding requirements are sourced through loans and by issuing debentures to banks, financial institutions and mutual funds. We also place commercial paper and raise unsecured debentures by way of subordinated debt and perpetual debt instrument which form part of our Tier I and Tier II capital. We believe that through our treasury operations, we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates. We also undertake transactions for securitisation and assignment of receivables from time to time.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and by complying with the RBI's requirements for asset and liability management. The objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash. Our treasury maintains a balance between interest-earning liquid assets and cash in order to optimise earnings.

We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest surplus funds in fixed deposits with banks and liquid debt-based mutual funds. Investments are made in accordance with our internally approved investment policy.

Risk Management

Risk management forms an integral part of our business. We continue to improve our policies and implement them rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes a team, headed by our Chief Risk Officer who identifies, assesses and monitors all of our principal risks. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk and foreign exchange risk.

Interest Rate Risk

Our results of operations are dependent upon the level of our Net Income Margins. Since our balance sheet consists of rupee assets and predominantly rupee liabilities, movements in domestic interest rates constitute the primary source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of ALM. We borrow funds at fixed and floating rates of interest, while we extends credit at fixed rates for vehicle finance and floating rates for home equity and corporate finance/ MSME loans. In the absence of proper planning and in a market where liquidity is limited, our Net Income Margins may decline, which may impact our revenues and ability to exploit business opportunities.

We have developed stable long-term relationships with our lenders and have established a track-record of timely servicing of our debts. We believe that this has enabled us to become a preferred customer with major banks and financial institutions with whom we do business. Significantly, the majority of our vehicle finance loans are classified as "priority sector" assets by the RBI, such that these loans, when securitized, find a ready market with various financial institutions, including our lenders.

Liquidity Risk

Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost, or of appropriate tenor, to meet our business requirements. This risk is minimised through a range of strategies, including securitization and bilateral assignment.

We monitor liquidity risk through its ALM function with the help of liquidity gap reports. This involves the categorisation of assets and liabilities into different maturity profiles, and evaluating these items for any mismatches in any particular maturities, especially in the short-term. Our financial risk management policy has successfully identified various mismatches in line with the guidelines of the RBI and its internal asset-liability committee.

To address liquidity risk, we have developed expertise in mobilising long-term and short-term funds at competitive interest rates, according to its particular requirements. For example, in our Vehicle Financing segment, we structure indebtedness to adequately cover the average three-year tenor of loans we extend. As a matter of practice, we generally do not deploy funds raised from short-term borrowing for long-term lending.

We have been maintaining additional liquidity to cover at least two months of total requirements as a buffer. This is intended to ensure that we are not left with situations wherein we are unable to draw committed lines due to unexpected market events.

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. Our Company’s exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. 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. The ALCO’s activities are in turn monitored and reviewed by a board sub-committee.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under their facility documentation. Borrower defaults and inadequate collateral may lead to higher gross NPAs/ Stage III Assets. Our geographically widespread operations enable us to maintain regular direct contact with our customers. We assign responsibility to each member of the collection team for the timely recovery of the loans they have been allocated while continuously monitoring their performance against our standards.

In order to mitigate credit risk, we undertake the following measures:

- Policies and procedures are decided jointly by sales and credit and collections teams to ensure a balance between business and risk. Customer onboarding processes are designed to ensure adequate credit checks from income documents and credit bureaus. In addition, businesses have application scorecards that are used to determine eligibility. Underwriting teams are empowered after due training on policies and norms before being given credit decision authority.

- Portfolio performance against these policies is reviewed quarterly by the Risk team and inputs for changes are advised to the business teams. The risk team monitors performance against trending expected loss based on past behaviour.

- The monitoring of loans commences on loan initiation, starting with the identification of early default triggers; and

- The introduction of any new policies or schemes always takes into consideration the potential delinquency impact on outstanding loans and expected credit loss triggers.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions. Lack of proper cash management practices could lead to losses. To address cash management risks, we have developed advanced cash management checks at every level to track and reconcile accounts. Moreover, we conduct regular audits to ensure compliance with respect to our cash management systems.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we conduct internal audits at our head office to assess adequacy of and compliance with our internal controls, procedures and processes thereby supplementing the efforts of our in-house internal audit teams. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Asset Risk

Asset risks arise due to decrease in the value of collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount advanced to our customers due to such a decrease in the value of collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

Foreign Exchange Risk

We have limited exposure to foreign exchange risk, since our disbursements are in Indian Rupees and also borrowings are primarily in the nature of domestic Rupee debt. Wherever limited foreign exchange exposure exists, we have entered into appropriate currency hedging to adequately cover up the foreign exchange risk. As of September 30, 2019, our Company had an outstanding foreign currency loan of US$ 606.02 million. This loan has been hedged to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has also been swapped for fixed rate in Indian rupee. We did not have any un-hedged foreign currency exposure as on September 30, 2019.

Centralized Management and Technology

Technology plays a pivotal role in enabling all businesses and functions to deliver high quality services to all our customers. We have transformed from being a predominantly manual and centralised data processing centre to implementing a system where real time data is captured at source and its processing and control is allocated to central servers. Our current applications can be classified into core business solutions, finance applications, human resource solutions and enterprise communication solutions.

We control our information technology systems from our head office in Chennai, allowing senior management to receive operational data on a timely basis. Our production servers also allow us to conduct a daily automated backup. We currently have the technology and facilities in place to back up our systems and have established disaster recovery procedures.

Our Company's Digital Initiatives

Chola Application

The Chola Application (the "Chola App") provides a digital platform for our customers which includes a range of functions for customers to gain access to various services.

Certain features of the Chola App include:

- 24/7 access to services;
- Instant access to loan accounts across any product area;
- Online payment services;
- Downloadable interest certificates and repayment schedules;
- Direct upload of KYC documentation;
- Downloadable account statements and loan summaries; and
- Direct access to customer service.

Gaadibazaar.in

Gaadibazaar.in is online vehicle finance portal which provides an online marketplace for the sale and purchase of used commercial vehicles. The portal is targeted at brokers/ dealers, transporters, drivers, and individual purchasers. The portal connects vehicle dealers to prospective purchasers online, thus increasing transparency and the opportunity for trade. Users of the portal interact through registered contact details and can submit offers for vehicles directly through the application. All registered buyers also gain access to the vehicle auction function on the portal, where sellers can offer vehicles to the market through an auction process.

Credit Rating

Our Company's current credit ratings are as below:

Rating Agency	Term	Type of Instrument	Rating
ICRA	Long Term	Non-Convertible Debentures / Subordinated Debt / Cash Credit / Term Loans	ICRA: AA+ with Stable Outlook
	Long Term	Perpetual debt instruments	ICRA: AA with Stable Outlook
	Short Term	Commercial Paper / Working Capital Demand Loans	ICRA: A1+
CRISIL	Short Term	Commercial Paper	CRISIL: A1+
	Long Term	Subordinated Debt	CRISIL: AA+ / Stable
CARE	Long Term	Subordinated Debt	CARE: AA+ with Stable Outlook
	Long Term	Perpetual debt instruments	CARE: AA with Stable Outlook
INDIA Ratings	Long Term	Non-Convertible Debentures / Subordinated Debt	IND: AA+ with Stable Outlook
	Long Term	Perpetual debt instruments	IND: AA with Stable Outlook

Insurance

We believe that we maintain all material insurance policies that are customary for companies operating in similar businesses. These include fidelity guarantee policies that cover all our employees, a money insurance policy in respect of cash-in-safe and in-transit. In addition, our directors are insured under a directors' and officers' liability insurance policy. We also maintain insurance coverage against losses occasioned by fire, burglary for the premises and equipment/ machinery in our offices, as well as public liability insurance.

Employees

As of September 30, 2019, we had 7,884 full-time employees. We also have a fully functional human resource management system – PeopleStrong that enables automation of key HR workflows. We adhere to a policy of nurturing dedicated talent by conducting regular training programs. We provide training to our employees to ensure career development and also to ensure quality service to customers. These trainings are conducted on joining as part of employee initiation and include additional on-the-job trainings. We also conduct on-going objective trainings to address specific short-comings of the employees.

We also offer our employees with customised functional training programs. We have an online learning platform with courses/ programmes that our employees undertake to obtain mandatory certifications on compliance, information security and related areas. We also have customised programs that are focused on building leadership attributes in first line leaders and middle management. We conduct quarterly programs for territory and regional heads.

In addition to our on-roll workforce, we also engage outsourced employees for our sales, collection efforts and back office functions. As of September 30, 2019, we had engaged 15,174 such outsourced employees.

Competition

We face competition from other NBFCs, MFIs and HFCs as well as banks and particularly small finance banks. In addition to these, we also face competition from unorganized small market participants who are prevalent in semi-urban and rural landscapes, local money lenders in rural areas, co-operative/ regional rural banks and small finance banks which are also focused on lending to low and middle income segments and micro, small and medium enterprises. Also see "*Risk Factors – Our inability to compete effectively in an increasingly competitive industry may adversely affect our Net Income Margins and market share*" on page 62.

Corporate Social Responsibility

The CSR committee comprises of M.M. Murugappan as the Chairman, Bhama Krishnamurthy and Arun Alagappan as its members. The CSR activities we undertake are in accordance with a CSR policy adopted by the CSR Committee. Our CSR activities are currently focused on: (i) water sanitation and hygiene, providing safe drinking water to communities living in areas which have higher levels of fluoride, contamination; (ii) supporting education trusts that provide quality education to economically backward sections of the society; and (iii) health evaluating and improving the health of the trucking community through regular health and eye camps at transport *nagars*.

Some of our notable CSR programs include:

Raahi Drishti Kendra

In Fiscal 2018, we started vision centres in seven states and in Fiscal 2019, we organized eye camps across ten states. We aim to transform these vision centres as a hub for undertaking holistic health development initiatives for the truck driver community.

We provide health check-up facilities including eye, oral/dental check-up, overall well-being for direct dependents of truck drivers, distribute spectacles to drivers and cleaners, facilitate entitlement linkage support and knowledge/ information about government schemes and programs and create and update the online trucker community database.

Clean Drinking Water at Affordable Cost

We have taken steps to help village communities across multiple locations across India in gaining access to purified drinking water at affordable cost. In areas where we have launched this initiative, people have gained access to water at a relatively affordable rate. An impact assessment study done post the completion of this project, recorded significant improvement in many of the health indices attributable to 24 hour access to clean drinking water.

JaldiKyaHai

JaldiKyaHai is a road safety initiative against over - speeding. Through the campaign, we endeavour to bring about a change in the behaviour of road users and ensure road safety.

Awards and Recognition

We have received several awards over the years, including:

- Commercial Vehicle Financier of the year at Mahindra Transport Excellence Awards 2015, 2016 and 2018;
- CII Industrial Innovation Awards 2017 for “Top 26 Most Innovative Company”;
- India Customer Excellence Award 2019;
- The Golden Globe Tigers Award for Best Use of CSR Practices in Banking & Finance - 2017;
- National Award – CSR and Sustainability for “Best Overall Excellence in CSR” – 2017;
- Star Award in the Large Scale – Service Supervisor Category at CII Southern Region Kaizen Competition 2017;
- 2nd ICSI CSR Excellence Awards 2017 for “Best Corporate in Medium Category’;
- 1st place in the Large Scale – Service Operator Category’ and 2nd place in the ‘Large Scale – Service Supervisor Category’ at the CII Southern Region Kaizen Competition, 2018;
- Winner of the National HR Circle Competition 2018 in the ‘Employee Relations & Employee Engagement’ Category, and the National HR Circle Competition 2019 in the ‘Employee Engagement Category’; and
- Rising Star of the Year 2018 – 2019 at India CX Awards 2019

Intellectual Property

Cholamandalam Financial Holdings Limited, is currently the registered owner of the brand and the trademark/ service marks “Cholamandalam” and “Chola”. Our Company has a right to use the brand and trademark/ service marks “Cholamandalam” and “Chola”.

Property

Our registered and corporate office is located at Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai – 600 001, India and is situated on leased premises. Our branches are located at premises owned, leased or licensed to us. As of September 30, 2019, we had a network of 1,029 branches spread across 28 States and Union Territories in India.

KEY REGULATIONS AND POLICIES

The following description is a summary of the important laws, regulations and policies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory and statutory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, statutory, administrative or judicial decisions.

In addition to the regulations and policies already specified in this Preliminary Placement Document, taxation statutes, the Information Technology Act 2000, various labour laws, environmental laws, corporate laws and other laws apply to us as they do to any other Indian company.

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term 'principal business' has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determining factor for principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**"). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, RBI has raised the requirement of minimum net owned fund from ₹ 2.50 million to ₹ 20 million for the NBFC which commences business on or after April 21, 1999. Further, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 31st of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

1. Regulation of systemically important NBFCs registered with the RBI

Systematically important NBFCs are primarily governed by the RBI Act, 1934 ("**RBI Act**"), Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Master Directions**") and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 ("**Public Deposit Directions**") in case the NBFC is permitted to accept public deposits. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

2. Types of NBFCs

NBFCs have been classified on the basis of the types of liabilities they access, types of activities they pursue and their perceived systemic importance.

a. Liabilities-based classification

NBFCs are classified on the basis of liabilities into two broad categories – a) deposit taking and b) non-deposit taking. Deposit taking NBFCs (NBFC – D) are subject to requirements of stricter capital adequacy, liquid assets maintenance, and exposure norms etc.

Further, in 2015, non-deposit taking NBFCs with asset size of Rs 5 billion and above were labelled as 'systemically important non-deposit taking NBFCs' (NBFC – ND – SI) and separate prudential regulations were made applicable to them.

b. Activity-based classification

As per the RBI circular dated February 22, 2019, it merged the three categories of NBFCs viz. Asset Finance Companies (AFCs), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC) with the below definition: "Investment and Credit

Company - (NBFC-ICC)" means any company which is a financial institution carrying on as its principal business - asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFC as defined by RBI in any of its Master Directions.

Within this broad categorization the different types of NBFCs are (a) investment and credit companies, (b) infrastructure finance companies, (c) infrastructure debt fund, (d) NBFC - micro finance institutions, (e) NBFC – factors, and (f) NBFC - non-operative financial holding company.

Pursuant to the RBI circular dated February 22, 2019, our Company has been classified as NBFC – Investment and Credit Company (NBFC-ICC).

3. Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand;

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and

(iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

4. Regulatory Requirements of an NBFC under the RBI Act

Net Owned Fund

Section 45-IA of the RBI Act ("**Section 45-IA**") provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with RBI and would be required to have a minimum net owned fund of ₹ 2.50 million or such other amount, not exceeding ₹ 20 million, as RBI may, by notification in the Gazette, specify. For this purpose, the RBI Act has defined "net owned fund" to mean:

(a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting therefrom:

  (i) accumulated balance of losses,

  (ii) deferred revenue expenditure; and

  (iii) other intangible assets; and

(b) further reduced by the amounts representing:

  (i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs, and

  (ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group,

to the extent such amount exceeds 10% of (a) above.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned every year as disclosed in profit and loss account and before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Further, in terms of the amendment of the Companies (Share Capital and Debentures) Rules, 2014 on August 16, 2019, NBFCs registered with RBI and HFCs registered with National Housing Bank are exempted from creation of debenture redemption reserve in case of public issue of debentures and privately placed debentures. However, listed NBFCs and HFCs shall on or before the April 30 in each year, invest or deposit, a sum which shall not be less than fifteen per cent, of the amount of its debentures maturing during the year, ending on the March 31 of the next year in any one or more methods of investments or deposits as provided under Companies (Share Capital and Debentures) Rules, 2014, provided that the amount remaining invested or deposited, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on March 31 of that year.

5. Master Directions

The RBI has issued the Master Directions which contain detailed directions on prudential norms for an NBFC-ND. The Master Directions, amongst other requirements prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, and concentration of credit/investment.

Asset Classification

The Master Directions require that every NBFC (except NBFC-Micro Finance Institutions) shall after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

(i) Standard assets;

(ii) Sub-standard assets;

(iii) Doubtful assets; and

(iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. Further, as per the Master Directions, the asset classification norms for NBFCs are given below:

- A standard asset shall mean the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;
- A sub-standard asset shall mean an asset that has been classified as NPA for a period not exceeding 12 months for the financial year ending March 31, 2018 and thereafter.
- For all term loans, hire-purchase assets, lease assets and other assets, a doubtful asset shall mean an asset that has remained sub-standard for a period exceeding 12 months for the financial year ending March 31, 2018 and thereafter.
- Loss asset would mean:
    (i) an asset which has been identified as loss asset by the applicable NBFC or its internal or external auditor or by the RBI during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and

    (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.
- Further, the Master Directions define NPA as:
    a) an asset, in respect of which, interest has remained overdue for a period of six months or more;

    b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;

    c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;

    d) a bill which remains overdue for a period of six months or more;

    e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of six months or more;

    f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;

Provided that the period of 'six months or more' stipulated in sub-clauses (a) to (f) shall be 'five months or more' for the financial year ending March 31, 2016; 'four months or more' for the financial year ending March 31, 2017 and 'three months or more', for the financial year ending March 31, 2018 and thereafter.

Capital Adequacy Norms

Every NBFC shall maintain a minimum capital ratio consisting of Tier I capital and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items.

Asset Liability Management

RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs, ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2014 ("**ALM Circular**"). As per the ALM Circular, the applicable NBFCs with an asset base of ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹ 200 million or more (irrespective of the asset size) as per their last audited balance sheet, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Pursuant to its circular dated November 4, 2019, the RBI has issued the 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies' (the "**LRM Guidelines**") in order to strengthen and raise the standard of the ALM framework applicable to NBFCs. The LRM Guidelines are required to be adhered to by all non-deposit taking NBFCs with asset size of ₹ 10,000 lakhs and above, systemically important Core Investment Companies and all deposit taking NBFCs (irrespective of their asset size). Further, all non-deposit taking NBFCs with asset size of ₹10,00,000 lakhs and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of LCR by ensuring that they have sufficient high quality liquid asset ("**HQLA**") to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days. The LCR requirement shall be binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024. All non-deposit taking NBFCs with asset size of ₹ 500,000 lakhs and above but less than ₹ 10,00,000 lakhs shall also maintain the required level of LCR starting December 1, 2020 with the minimum HQLAs to be held being 30% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

Fair Practices Code

The Master Directions prescribe a fair practices code that is required to be adhered to by NBFCs, and *inter alia*, includes the following:

(i) Inclusion of necessary information affecting the interest of the borrower in the loan application form.

(ii) Devising a mechanism to acknowledge receipt of loan applications and indicating a time frame within which such loan applications are to be disposed.

(iii) Conveying, in writing, to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions thereof. The acceptance of such terms and conditions should be kept on record by the NBFC.

(iv) Giving notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions and ensuring that changes are effected only prospectively.

(v) Refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.

(vi) Not resorting to undue harassment in the matter of recovery of loans.

(vii) Lay down an appropriate grievance redressal mechanism for resolving disputes.

(viii) Periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors at regular intervals, as may be prescribed by it.

Corporate Governance Guidelines

The Master Directions prescribed certain corporate governance norms required to be adhered to by NBFCs. The Master Directions, *inter alia,* provide for constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee and certain other norms in connection with disclosure, transparency and connected lending. Further, NBFCs with asset size of more than ₹50,000 million in categories – investment and credit companies, infrastructure finance companies, micro finance institutions, factors and infrastructure debt funds are required to appoint a chief risk officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management.

Norms for Excessive Interest Rates

The Master Directions directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the Master Directions regulates the rates of interest charged by the NBFCs. These directions stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs' website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

The Ombudsman Scheme for Non-Banking Financial Companies, 2018 ("NBFC Ombudsman Scheme")

The RBI has introduced an ombudsman scheme for customers of NBFCs. The NBFC Ombudsman Scheme is an expeditious and cost free apex level mechanism for resolution of complaints of customers of NBFCs registered with RBI under Section 45-IA, relating to deficiency in certain services rendered by NBFCs. The offices of the NBFC Ombudsmen operates at four metro zones, i.e., Chennai, Kolkata, Mumbai and New Delhi and it handles complaints of customers in the respective zones. The NBFC Ombudsman Scheme provides for an appellate mechanism under which the complainant/NBFC has the option to appeal against the decision of the ombudsman before the appellate authority.

KYC Guidelines

The RBI has issued a Master Direction on Know Your Customer (KYC) Direction dated February 25, 2016, as amended, ("**KYC Guidelines**") and advised all regulated entities (including NBFCs) to adopt such guidelines with suitable modifications depending upon the activities undertaken by them and ensure that a proper policy framework on KYC standards duly approved by the board of directors or any committee of the board of directors is put in place. The KYC policies are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines by the persons authorized by the NBFCs' and including brokers/ agents, due diligence of persons authorized by the NBFCs and customer service in terms of identifiable contact with persons authorized by NBFCs.

Information Technology Framework

Reserve Bank of India has issued Master Direction - Information Technology Framework for the NBFC Sector dated June 8, 2017 ("**IT Directions**"). The focus of the IT direction is on information technology governance, information technology policy, information and cyber security, information technology operations, information security audit, business continuity planning and information technology services outsourcing. These directions are categorized into two parts, those which are applicable to all NBFCs with asset size above ₹5,000 million (considered as systemically important) and directions for NBFCs with asset size below ₹ 5,000 million. The IT Directions, *inter alia*, mandate NBFCs to form an information technology strategy committee, to formulate an information technology policy, an information security policy and cyber security policy. The IT Directions also prescribe the time frame within which the mandated activities should be completed by the NBFC.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs dated November 9, 2017

The RBI has specified the activities and financial services that cannot be outsourced by NBFCs, and provided the bases for deciding materiality of outsourcing. These directions lay down the regulatory and supervisory requirements and risk management practices to be adhered to by the NBFCs, including the adoption of a comprehensive outsourcing policy by the board of such NBFCs. The outsourcing of any activity by an NBFC does not diminish its obligations, and those of its board and senior management. Further, such NBFCs are required to have a robust grievance redress mechanism, which in no way shall be compromised on account of outsourcing.

Anti-Money Laundering

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, as amended ("**PML Rules**"). PMLA & PML Rules extends to all banking companies and financial institutions, including NBFCs and intermediaries.

Further the KYC Guidelines ensure that a proper policy frame work for the PMLA and PML Rules is put in place. Pursuant to the provisions of PMLA, PML Rules and the RBI direction, all NBFCs are advised to appoint a principal officer for internal reporting / reporting to Financial Intelligence Unit – India (FIU-IND) of suspicious transactions and cash transactions and to maintain a system of proper record (i) all cash transactions of value of more than ₹1 million - or its equivalent in foreign currency; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹1 million or its equivalent in foreign currency, where such series of transactions have taken place within a month and the aggregate value of such transaction exceeds ₹1 million; (iii) all transactions involving receipts by non-profit organisations of value more than ₹1 million, or its equivalent in foreign currency; (iv) all cash transactions where forged or counterfeit transactions. The NBFCs shall also appoint a designated director who shall be responsible for ensuring overall compliance as required under the PMLA and the PML Rules.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least five years after the business relationship is ended. Also, NBFCs should maintain all necessary records of transactions with the customers, both domestic and international, for at least five years from the date of transaction. The identification records and transaction data is to be made available to the competent authorities upon request.

6. Guidelines on Securitization of Standard Assets

The RBI through its master direction dated September 1, 2016, provided the guidelines on securitization of standard assets. Further, the guidelines provides that loans can only be assigned or securitized if the NBFC has held them in their books for a specified minimum period. The guidelines also provide a mandatory retention requirement for securitization and assignment transactions. However, to ease the liquidity for NBFCs, the RBI pursuant to the circular dated November 29, 2018, relaxed the Minimum Holding Period (MHP) requirement for originating NBFCs, in respect of loans of original maturity above 5 years, to receipt of repayment of six monthly instalments or two quarterly instalments (as applicable). The said dispensation was initially applicable till six months from the date of issuance of the circular. However, the RBI vide its circular dated May 29, 2019 had extended the dispensation till December 31, 2019, and subsequently vide its circular dated December 31, 2019 has extended the dispensation till June 30, 2020.

Certain requirements are to be met by the originating NBFCs on transactions involving transfer of assets through direct assignment of cash flows and the underlying securities. NBFCs can transfer a single standard asset or a part of such asset or a portfolio of such assets to financial entities through an assignment deed with the exception of (i) revolving credit facilities (e.g., credit card receivables); (ii) assets purchased from other entities; (iii) assets with bullet repayment of both principal and interest. However, these guidelines shall not apply to: (i) transfer of loan accounts of borrowers by an NBFC to other NBFCs/ FIs /banks and vice versa, at the request/ instance of borrower; (ii) trading in bonds; (iii) sale of entire portfolio of assets consequent upon a decision to exit the line of business completely. Such a decision shall have the approval of board of directors of the NBFC; (iv) consortium and syndication arrangements; (v) any other arrangement/ transactions, specifically exempted by the Reserve Bank of India.

In order to limit the extent of effective control of transferred assets by the seller in the case of direct assignment transactions, NBFCs shall not have any re-purchase agreement including through clean-up calls on the transferred assets.

7. External Commercial Borrowings (ECB) Policy

The Reserve Bank of India has notified the new ECB framework namely, the External Commercial Borrowings Policy on January 16, 2019 (the "**ECB Policy**"). Few of the changes as per the ECB Policy are, NBFCs, being eligible entities to receive FDI, are permitted to raise ECB up to USD 750 million or equivalent in a financial year under the automatic route and exceeding USD 750 million or equivalent in a financial year under the approval route and the eligible borrowers have been expanded to include all entities eligible to receive FDI.

The ECB Policy, *inter alia*, provides for various aspects of ECB transactions, including eligible borrowers, recognised lenders, route of the ECB, minimum average maturity period, all-in-cost ceiling per annum.

Law applicable to our Subsidiaries

In addition to the above, our Subsidiaries, Cholamandalam Home Finance Limited and Cholamandalam Securities Limited are subject to various, laws, regulations and policies. Our Subsidiary, Cholamandalam Securities Limited, amongst other things, provides stock broking and depository participant services. The laws applicable to Cholamandalam Securities Limited, *inter alia*, include the SEBI (Stock Brokers) Regulations, 1992, SEBI (Intermediaries) Regulations, 2008, SEBI Master Circular for Stock Brokers dated June 1, 2018, SEBI (Research Analysts) Regulations, 2014 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

Further, our Subsidiary, Cholamandalam Home Finance Limited has applied to the RBI for a license to operate as a housing finance company.

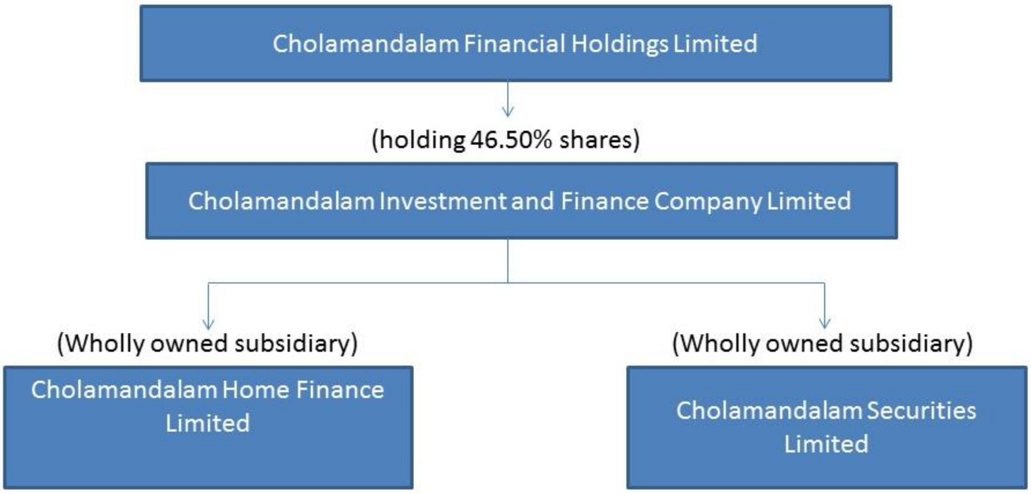
ORGANISATIONAL STRUCTURE

Corporate history

Our Company was originally incorporated as a public limited company under the name of Cholamandalam Investment and Finance Company Limited pursuant to a certificate of incorporation dated August 17, 1978 issued by the Registrar of Companies, Chennai, under the Companies Act, 1956, and commenced it business pursuant to certificate of commencement of business dated November 22, 1978. The name of our Company was changed to Cholamandalam DBS Finance Limited pursuant to a fresh certificate of incorporation dated April 12, 2006 issued to our Company. The name of our Company was subsequently changed to 'Cholamandalam Investment and Finance Company Limited' on June 2, 2010.

We first received a license to carry on the business of non-banking financial institution from the RBI on August 21, 1998, pursuant to a certificate of registration bearing no. 07.00306 ("**COR1**"). Subsequently, we received the licence to carry on the business of non-banking financial institution pursuant to RBI letters dated April 24, 2006 bearing registration numbers A-07.00306 ("**COR2**) in lieu of COR1, certificate of registration to carry on business of non-banking financial institution without accepting public deposits dated December 11, 2006 bearing registration number B.07-00306 ("**COR3**") in lieu of COR2, and certificate of registration to carry on the business of non-banking financial institution without accepting public deposits dated July 8, 2010 bearing registration no. B-07-00306 ("**COR4**") in lieu of COR3. We received a licence to carry on business of a non-banking financial institution in India from the RBI on June 9, 2011, pursuant to certificate of registration bearing number 07-00306, in lieu of COR4.

The organisational structure of our Company is as follows:



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and our Articles. In terms of the Articles of Association, the Company is required to have a minimum of three Directors and not more than 15 Directors, provided that our Company may appoint more than 15 Directors after passing a special resolution of the shareholders of our Company. Our Board presently consists of seven Directors, including two Executive Directors, of which one is our Managing Director, and five Non-Executive Directors, four of which are Independent Directors. Our Board comprises of one woman director.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
1.	**M. M. Murugappan** **Address**: Coromandel House, New No. 14 (old no. 12), Boat Club Road, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu **Occupation**: Service **DIN**: 00170478 **Term**: With effect from May 31, 2018, and is liable to retire by rotation **Nationality**: Indian **Date of birth**: November 12, 1955	64	Non-Executive Director and Chairman
2.	**Arun Alagappan** **Address**: No.10, Chittaranjan Road, Teynampet, Chennai 600 018, Tamil Nadu **Occupation**: Service **DIN**: 00291361 **Term**: For a period of five years with effect from November 15, 2019 and is liable to retire by rotation(1) **Nationality**: Indian **Date of birth**: July 19, 1976	43	Managing Director
3.	**Ashok Kumar Barat** **Address**: 501A, Sterling Seaface, 13/9 Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra **Occupation**: Retired corporate executive **DIN**: 00492930 **Term**: For a period of five years with effect from October 31, 2017, and is not liable to retire by rotation **Nationality**: Indian **Date of birth**: December 5, 1956	63	Non-Executive Independent Director
4.	**Ramesh Rajan Natarajan** **Address**: No. 12, Tarapore Avenue Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu **Occupation**: Professional director **DIN**: 01628318	62	Non-Executive Independent Director

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
	Term: For a period of five years with effect from October 30, 2018, and is not liable to retire by rotation **Nationality**: Indian **Date of birth**: July 5, 1957		
5.	**Rohan Verma** **Address**: S-388, 1st Floor, GK-2, Greater Kailash, South Delhi, Delhi 110 048, India **Occupation**: Business **DIN**: 01797489 **Term**: For a period of five years with effect from March 25, 2019, and is not liable to retire by rotation **Nationality**: U.S. national **Date of birth:** August 31, 1985	34	Non-Executive Independent Director
6.	**Bhama Krishnamurthy** **Address**: 401, Fourth Floor, Avarsekars Srushti, Old Prabhadevi Road, Prabhadevi, Mumbai 400 025, India **Occupation**: Service (retired) **DIN**: 02196839 **Term**: With effect from July 31, 2019, and shall hold office up to the next AGM(2) **Nationality**: Indian **Date of birth**: December 19, 1954	65	Non-Executive Independent Director
7.	**Ravindra Kumar Kundu** **Address**: F2, Rite Choice, Varalakshmi Apartments, H D Raja Street Eldams Road, Teynampet, Chennai 600 018, Tamil Nadu **Occupation**: Service **DIN**: 07337155 **Term**: For a period of five years with effect from January 23, 2020 and is liable to retire by rotation(3) **Nationality**: Indian **Date of birth**: July 7, 1968	51	Executive Director

(1) *The appointment of our Managing Director was approved pursuant to the Board resolution dated November 5, 2019, and is subject to the Shareholders approval.*

(2) *The appointment of Bhama Krishnamuthy as an additional Non-Executive Independent Director was approved pursuant to the Board resolution dated July 30, 2019, and is subject to the Shareholders approval.*

(3) *The appointment of Ravindra Kumar Kundu was approved pursuant to the Board resolution dated January 23, 2020, and is subject to the Shareholders approval.*

Biographies of our Directors

M. M. Murugappan is the Non-Executive Director and Chairman of our Company. He holds a bachelor's degree in technology from the University of Madras and a master of science degree in chemical engineering from the University of Michigan, Ann Arbor, Michigan, USA. He is a non-executive director of the Company with effect from May 31, 2018. Prior to the current term, he was a non-executive director of the Company from January 27, 2015 to October 31, 2017. He is a director on boards of listed companies including Tube Investments of India Limited, Cholamandalam Financial Holdings Limited, Carborundum

Universal Limited, Cyient Limited and Coromandel International Limited. He is also an independent director on the board of Mahindra & Mahindra Limited. He is also on the board of the IIT – Madras Research Park.

Arun Alagappan is the Managing Director of our Company. He holds a bachelor's degree in commerce from University of Madras. He has completed the owner/president management program from Harvard Business School. He was appointed as an executive director of the Company on August 19, 2017, and as the Managing Director for a period of five years on November 15, 2019. He is a director on the boards of Lakshmi Machine Works Limited, Cholamandalam Home Finance Limited, M.A. Alagappan Holdings Private Limited, Gen Four Properties Private Limited, Roca Bathroom Products Private Limited and White Data Systems India Private Limited.

Ashok Kumar Barat is a Non-Executive Independent Director of our Company. He is a chartered accountant from the Institute of Chartered Accountants of India, and a company secretary from the Institute of Company Secretaries of India. He is the managing partner of Merx Business Advisors LLP. He is a director on the boards of Cholamandalam Financial Holdings Limited, Bata India Limited, DCB Bank Limited, Mahindra Intertrade Limited, Birlasoft Limited and Cholamandalam Home Finance Limited.

Ramesh Rajan Natarajan is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in commerce from University of Madras and is a fellow member of the Institute of Chartered Accountants of India. He is a senior partner at LeapRidge Advisors LLP. He is the non-executive chairman of Indo-National Limited and is also a director on the boards of TTK Healthcare Limited and Kineco Limited.

Rohan Verma is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in electrical engineering from the Ireland Stanford Junior University and a master's degree in business administration from London Business School. He is a director on the board of C.E. Info Systems Private Limited and Infidreams Industries Private Limited.

Bhama Krishnamurthy is a Non-Executive Independent Director of our Company. She holds a master's degree in science from Mumbai University. She is a director on the boards of Reliance Industrial Infrastructure Limited, Network18 Media and Investments Limited, Reliance Payment Solutions Limited, Five Star Business Finance Limited, Paisalo Digital Limited, Muthoot Microfin Limited and CSB Bank Limited.

Ravindra Kumar Kundu is the Executive Director of our Company. He was appointed as Executive Director on January 23, 2020, for a period of five years. He holds a bachelor's degree in commerce from Bundelkhand University Jhansi, and has completed a post graduate programme in management for senior executives from the Indian School of Business, and an executive programme in global business management from the Indian Institute of Management Calcutta. He is a director on the boards of Cholamandalam Securities Limited, White Data Systems India Private Limited, and Chola Business Services Limited.

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of our Board

Pursuant to the Shareholders' resolution dated July 30, 2019, our Board is authorised to borrow moneys from time to time and, if it thinks fit, for creation of such mortgage, charge and/or hypothecation as may be necessary, in addition to the existing charges, mortgages and hypothecations, if any, created by the Company, on such of the assets of the Company, both present and future, and/or on the whole or substantially the whole of the undertaking or the undertakings of the Company, in such manner as the board may direct, in favour of financial institutions, investment institutions, banks, insurance companies, mutual funds, trusts, other bodies corporate or any other person(s) and trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments, including but not restricted to securing those facilities which have already been sanctioned, including any enhancement therein, even though the moneys to be borrowed together with the moneys already borrowed by the Company may exceed at any time, the aggregate of the paid-up share capital, free reserves and securities premium reserve of the Company, upto a limit of an outstanding aggregate value of ₹750,000 million (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), together with interests thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the trustees under the trust deed and to the lending agencies under their respective agreements/loan agreements/debenture trust deeds entered/to be entered into by the Company in respect of the said borrowings.

Interest of our Directors

All our Directors may be deemed to be interested to the extent of their shareholding, remuneration, fees and compensation payable to them for attending meetings of our Board or committees thereof, commission as well as to the extent of reimbursement of expenses payable to them. Some of our Directors hold positions as directors or senior management personnel on the boards of our Promoters. Further, our Directors, M.M. Murugappan and Arun Alagappan, are also promoters of our Company.

Our Directors may also be regarded as interested in any Equity Shares or any stock options held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them.

Except as provided in "*Related Party Transactions*" beginning on page 60, we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Preliminary Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details on the related party transactions, with our Directors during the last three Fiscals, see "*Related Party Transactions*" beginning on page 60.

Shareholding of our Directors

The following table sets forth the shareholding of our Directors in our Company as of the date of this Preliminary Placement Document:

Name	Number of Equity Shares	Percent of Total Number of Outstanding Equity Shares (in %)
M. M. Murugappan	21,035	Negligible
Arun Alagappan	950,000	0.12
Ravindra Kumar Kundu	80,235(1)	0.01

(1)Ravindra Kumar Kundu holds 159,300 options under the ESOP Scheme 2016. For details of the ESOP Scheme 2016, see "Capital Structure" on page 92.

Terms of appointment of the Executive Directors

Our Company has two Executive Directors, including our Managing Director.

A. Terms of appointment of our Managing Director

The following is a description of the terms of appointment of Arun Alagappan as the Managing Director of our Company:

Term*	Particulars
Salary	₹8,88,660 per month in the scale of ₹5,90,000 per month to ₹17,50,000 per month. Increments to be decided by the Nomination and Remuneration Committee.
Incentive	Annual incentive of ₹1,06,63,920 per annum at 100% levels. The actual amount will be determined by the Nomination and Remuneration Committee in accordance with the corporate balance score card achievement for Fiscal 2020.
Allowance/ perquisites	As may be determined by the Nomination and Remuneration Committee.
Retirement benefits	a) Contribution to provident fund, superannuation fund and gratuity as per rules of the fund/ scheme in force from time to time. b) Encashment of leave as per the rules of the Company in force from time to time.
General	a) In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities, incentive and other benefits to Arun Alagappan as may be determined by the Board or Nomination and Remuneration Committee, to be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 and rules made thereunder or any statutory modification or re-enactment thereof. b) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes and loans) the perquisites shall be valued as per income tax rules. c) The aggregate remuneration (including salary, allowances, perquisites, incentive and other benefits) payable to Arun Alagappan for any Fiscal shall be subject to an overall ceiling of 5% of the net profits of the Company for that Fiscal computed in the manner prescribed under the Companies Act, 2013. d) Incentive shall be determined by the Nomination and Remuneration Committee based on the Company's scheme in force from time to time. e) Arun Alagappan shall not be entitled to any sitting fees for attending meetings of the Board or of any committees thereof.

Term*	Particulars
	f) Arun Alagappan will be subject to all other service conditions as applicable to any other employee of the Company.

* *The terms of appointment of our Managing Director were approved pursuant to a Board resolution dated November 5, 2019, and are subject to Shareholders approval.*

B. Terms of appointment of our Executive Director

The following is a description of the terms of appointment of Ravindra Kumar Kundu, our Executive Director:

Term*	Particulars
Salary	₹6,70,920 per month in the scale of ₹6,50,000 per month to ₹15,00,000 per month. Increments to be decided by the Nomination and Remuneration Committee.
Incentive	Annual incentive of ₹52,93,900 per annum at 100% levels. The actual amount will be determined by the Nomination and Remuneration Committee in accordance with the corporate balance score card achievement.
Allowance/ perquisites	As may be determined by the Nomination and Remuneration Committee.
Retirement benefits	a) Contribution to provident fund, superannuation fund and gratuity as per rules of the fund/ scheme in force from time to time. b) Encashment of leave as per the rules of the Company in force from time to time.
General	a) In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities, incentive and other benefits to Ravindra Kumar Kundu as may be determined by the Board or Nomination and Remuneration Committee, to be in accordance with Section II of Part II of Schedule V of the Companies Act, 2013 and rules made thereunder or any statutory modification or re-enactment thereof. b) Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes and loans) the perquisites shall be valued as per income tax rules. c) The aggregate remuneration (including salary, allowances, perquisites, incentive and other benefits) payable to Ravindra Kumar Kundu for any Fiscal shall be subject to an overall ceiling of 5% of the net profits of the Company for that Fiscal computed in the manner prescribed under the Companies Act, 2013. d) Incentive shall be determined by the Nomination and Remuneration Committee based on the Company's scheme in force from time to time. e) Ravindra Kumar Kundu shall not be entitled to any sitting fees for attending meetings of the Board or of any committees thereof. f) Ravindra Kumar Kundu will be subject to all other service conditions as applicable to any other employee of the Company.

* *The terms of appointment of our Executive Director were approved pursuant to a Board resolution dated January 23, 2020, and are subject to Shareholders approval.*

Remuneration of our Directors

Executive Directors

The following table sets forth the remuneration paid by our Company to our Managing Director of our Company for Fiscals 2019, 2018 and 2017, and between April 1, 2019 and September 30, 2019.

Fiscal/ Period	Salary (₹ in lakhs)	Perquisites (₹ in lakhs)	Total (₹ in lakhs)
April 1, 2019 to September 30, 2019	177.7	5.9	183.7
Fiscal 2019*	326.5	43.2	369.7
Fiscal 2018*	175.1	22.2	197.3
Fiscal 2017#	-	-	-

* *Arun Alagappan was appointed as the Managing Director of our Company with effect from November 15, 2019. The remuneration paid to him in Fiscal 2019 and Fiscal 2018 was during his tenure as executive director of our Company.*

Arun Alagappan was appointed as an executive director of our Company on August 19, 2017. He was not paid any remuneration by our Company in Fiscal 2017.

Ravindra Kumar Kundu was appointed as an Executive Director on January 23, 2020 and accordingly did not received any remuneration from our Company in the last three Fiscals and between April 1, 2019 and September 30, 2019.

Non-Executive Directors

Pursuant to a resolution passed by the Board on November 5, 2019, our Company pays sitting fees of ₹0.50 lakh per meeting to Non-Executive Directors for attending meetings of the Board and the Audit Committee, each, and sitting fees of ₹0.30 lakh per meeting to Non-Executive Directors for attending meetings of the Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Further, the commission payable to our Non-Executive Directors is ₹10 lakhs per annum and the chairman of the Audit Committee is ₹12 lakhs for Fiscal 2020.

The following table sets forth the remuneration paid by our Company to the present Non-Executive Directors of our Company, by way of sitting fees and commission for Fiscals 2017, 2018 and 2019, and between April 1, 2019 and September 30, 2019:

Name of our Directors	**Remuneration (₹ in lakhs)**			
	Between April 1, 2019 and September 30, 2019	**Fiscal 2019**	**Fiscal 2018**	**Fiscal 2017**
M. M. Murugappan	7.5	9.1	6.5	11.4
Ashok Kumar Barat	2.1	12.3	4.3	-
Ramesh Rajan Natarajan	4.7	4.4	-	-
Rohan Verma	0.6	0.1	-	-
Bhama Krishnamurthy	0.1	-	-	-

Key Managerial Personnel

The following table sets forth details regarding our Key Managerial Personnel, as of the date of this Preliminary Placement Document:

Sr. No.	**Name**	**Age (years)**	**Designation**
1.	Arun Alagappan	43	Managing Director
2.	Ravindra Kumar Kundu	51	Executive Director
3.	D. Arul Selvan	56	Chief Financial Officer
4.	P. Sujatha	52	Company Secretary and Compliance Officer

Biographies of our Key Managerial Personnel

Arun Alagappan is the Managing Director of the Company. For details, see "- *Biographies of our Directors*" on page 183.

Ravindra Kumar Kundu is an Executive Director of the Company. For details, see "- *Biographies of our Directors*" on page 183.

D. Arul Selvan is the Chief Financial officer of our Company. He holds a bachelor's degree in commerce from the University of Madras and a master's degree in business administration from The Open University, U.K. He is a certified chartered accountant from the Institute of Chartered Accountants of India. He was appointed as the Chief Financial Officer with effect from October 24, 2008.

P. Sujatha is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in law from the University of Madras and is an associate of the Institute of Company Secretaries of India. She was appointed as the Company Secretary of our Company with effect from August 9, 1999.

All our Key Managerial Personnel are permanent employees of our Company.

Shareholding of our Key Managerial Personnel

The following table sets forth the shareholding of our Key Managerial Personnel as on the date of this Preliminary Placement Document:

Name*	**Number of Equity Shares**	**Percent of Total Number of Outstanding Equity Shares (in %)**
Arun Alagappan	950,000	0.12
Ravindra Kumar Kundu	80,235(1)	0.01
D. Arul Selvan	74,200(2)	0.01
P. Sujatha	82,635(3)	0.01

(1) *Ravindra Kumar Kundu holds 159,300 options under the ESOP Scheme 2016. For details of the ESOP Scheme 2016, see "Capital Structure" on page 92.*

[2] *D. Arul Selvan holds 109,300 options under the ESOP Scheme 2016. For details of the ESOP Scheme 2016, see "Capital Structure" on page 92.*

[3] *P. Sujatha holds 131,500 options under the ESOP Scheme 2016. For details of the ESOP Scheme 2016, see "Capital Structure" on page 92.*

Relationship

None of our Key Managerial Personnel are related to each other.

Interest of our Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in our Company, if any, or any stock options held by them and any dividend payable to them and other distributions in respect of such Equity Shares.

Corporate governance

Our Board presently consists of six Directors. In compliance with the requirements of the SEBI Listing Regulations, our Board consists of four Independent Directors, including one woman director. Our Company is in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI Regulations, in respect of corporate governance, including constitution of our Board and committees thereof.

Committees of the Board of Directors

Our Board has constituted various committees, which function in accordance with the relevant provisions of the Companies Act, 2013, and the SEBI Listing Regulations. These are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee; and (v) Risk Management Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Preliminary Placement Document:

Committee	Members
Audit Committee	Ramesh Rajan Natarajan (*Chairman*), Ashok Kumar Barat and Bhama Krishnamurthy
Nomination and Remuneration Committee	Ramesh Rajan Natarajan (*Chairman*), M. M. Murugappan and Ashok Kumar Barat
Stakeholders Relationship Committee	M. M. Murugappan (*Chairman*), Rohan Verma and Arun Alagappan
Corporate Social Responsibility Committee	M. M. Murugappan (*Chairman*), Bhama Krishnamurthy and Arun Alagappan
Risk Management Committee	Ashok Kumar Barat (*Chairman*), Ramesh Rajan Natarajan, Bhama Krishnamurthy and Arun Alagappan

In addition to the above mentioned committees, the other committees constituted by our Board of Directors are: (i) Asset Liability Management Committee, (ii) IT Strategy Committee, and (iii) Business Committee.

Other confirmations

None of our Directors, Promoters or Key Managerial Personnel of our Company have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

Neither our Company, nor our Directors or Promoters have been declared as Wilful Defaulter as of the date of this Preliminary Placement Document.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any offence under any order or direction made by SEBI. Further, none of our Directors or Promoters have been declared as a Fugitive Economic Offender.

No change in control in our Company will occur consequent to the Issue.

Policy on Disclosures and Internal Procedure for prevention of Insider Trading

SEBI Insider Trading Regulations applies to us and our employees and requires us to formulate and implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the same and has implemented an insider trading code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, P. Sujatha, acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following table sets forth the details regarding the equity shareholding pattern of our Company as on December 31, 2019:

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no. Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	63	41,39,02,720	41,39,02,720	52.94	41,39,02,720	52.94	-	-	41,39,02,720
(B) Public	58,689	36,79,73,385	36,79,73,385	47.06	36,79,73,385	47.06	-	-	36,67,75,245
(C1) Shares underlying DRs	-	-	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	-	-	-	-	-	-
(C) Non Promoter-Non Public	-	-	-	-	-	-	-	-	-
Grand Total	58,752	78,18,76,105	78,18,76,105	100.00	78,18,76,105	100.00	-	-	78,06,77,965

The following table sets forth the details regarding the equity shareholding pattern of our Promoters and Promoter Group as on December 31, 2019:

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total Nos. Shares Held	Shareholding as a % Of Total No. Of Shares (Calculated as per SCRR, 1957)As A % Of (A+B+C2)	Number Of Locked In Shares		Number Of Equity Shares Held In Dematerialized Form
					No. (A)	As A % Of Total Shares Held(B)	
A1) Indian							
Individuals/Hindu Undivided Family							
M.A. Alagappan (Holds Shares On Behalf Of Kadamane Estates)	1	3,55,850	3,55,850	0.05	-	-	3,55,850
Valli Annamalai	1	12,500	12,500	0.00	-	-	12,500
M Vellachi	1	1,94,660	1,94,660	0.02	-	-	1,94,660
Valli Subbiah	0	0	0	0.00	-	-	0
M A M Arunachalam	1	65,000	65,000	0.01	-	-	65,000
Arun Alagappan	1	9,50,000	9,50,000	0.12	-	-	9,50,000
M.A.Alagappan	1	24,61,880	24,61,880	0.31	-	-	24,61,880
Lakshmi Chockalingam	1	6,685	6,685	0.00	-	-	6,685
A Vellayan	1	1,35,785	1,35,785	0.02	-	-	1,35,785
M Venkatachalam	0	0	0	0.00	-	-	0
Lakshmi Venkatachalam	0	0	0	0.00	-	-	0
Lalitha Vellayan	1	1,39,630	1,39,630	0.02	-	-	1,39,630
Meyyammai Venkatachalam	1	50,255	50,255	0.01	-	-	50,255
M V Valli Murugappan	1	21,56,350	21,56,350	0.28	-	-	21,56,350
S Vellayan	0	0	0	0.00	-	-	0
M Murugappan	1	21,035	21,035	0.00	-	-	21,035
A M Meyyammai	1	2,51,880	2,51,880	0.03	-	-	2,51,880
M V Subbiah (In The Capacity Of Karta Of HUF)	1	10,000	10,000	0.00	-	-	10,000
Meenakshi Murugappan	1	245	245	0.00	-	-	245
M V Seetha Subbiah	0	0	0	0.00	-	-	0
M V Subbiah	0	0	0	0.00	-	-	0

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total Nos. Shares Held	Shareholding as a % Of Total No. Of Shares (Calculated as per SCRR, 1957)As A % Of (A+B+C2)	Number Of Locked In Shares		Number Of Equity Shares Held In Dematerialized Form
					No. (A)	As A % Of Total Shares Held(B)	
Valli Alagappan	1	5,000	5,000	0.00	-	-	5,000
A Venkatachalam	1	2,09,605	2,09,605	0.03	-	-	2,09,605
V Narayanan	1	2,54,000	2,54,000	0.03	-	-	2,54,000
V Arunachalam	1	2,42,515	2,42,515	0.03	-	-	2,42,515
Arun Venkatachalam	1	4,03,750	4,03,750	0.05	-	-	4,03,750
Solachi Ramanathan	1	20,000	20,000	0.00	-	-	20,000
Vedika Meyyammai Arunachalam	1	108,280	108,280	0.01	-	-	1,08,280
A V Nagalakshmi	1	15,960	15,960	0.00	-	-	15,960
M V AR Meenakshi	1	8,53,155	8,53,155	0.11	-	-	8,53,155
A. Keertika Unnamalai	1	2,47,440	2,47,440	0.03	-	-	2,47,440
Sigapi Arunachalam	1	74,255	74,255	0.01	-	-	74,255
Uma Ramanathan	1	20,000	20,000	0.00	-	-	20,000
V Vasantha	1	1,250	1,250	0.00	-	-	1,250
Dhruv M Arunachalam	1	50,000	50,000	0.01	-	-	50,000
Kanika Subbiah	1	67,000	67,000	0.01	-	-	67,000
Pranav Alagappan	1	3,11,440	3,11,440	0.04	-	-	3,11,440
M.V.Murugappan	0	0	0	0.00	-	-	0
Valli Muthiah	0	0	0	0.00	-	-	0
Valli Arunachalam	0	0	0	0.00	-	-	0
M A Alagappan (Huf)	0	0	0	0.00	-	-	0
M A Alagappan (Huf)	0	0	0	0.00	-	-	0
A Vellayan (Huf)	0	0	0	0.00	-	-	0
A Venkatachalam (Huf)	0	0	0	0.00	-	-	0
Baby Anannya Lalitha Arunachalam	0	0	0	0.00	-	-	0
M M Murugappan (Huf)	0	0	0	0.00	-	-	0
M M Murugappan (Huf)	0	0	0	0.00	-	-	0
M M Seethalakshmi	0	0	0	0.00	-	-	0
M A M Arunachalam (Huf)	0	0	0	0.00	-	-	0
Niranthara Alamelu Jawahar	0	0	0	0.00	-	-	0
Sivagami Natesan	0	0	0	0.00	-	-	0
Master Kabir Subbiah	0	0	0	0.00	-	-	0
Master Karthik Subbiah	0	0	0	0.00	-	-	0
M V Murugappan Huf (Karta - Valli Arunachalam)	0	0	0	0.00	-	-	0
Lakshmi Ramaswamy	0	0	0	0.00	-	-	0
A A Alagammai	1	6,540	6,540	0.00	-	-	6,540
M M Muthiah	0	0	0	0.00	-	-	0
M V Muthiah	0	0	0	0.00	-	-	0
M V Subramanian	0	0	0	0.00	-	-	0
B Rishika Reddy	0	0	0	0.00	-	-	0
Baby Ahana Lalitha Narayanan	0	0	0	0.00	-	-	0
Umayal.R.	1	49,455	49,455	0.01	-	-	49,455

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total Nos. Shares Held	Shareholding as a % Of Total No. Of Shares (Calculated as per SCRR, 1957)As A % Of (A+B+C2)	Number Of Locked In Shares		Number Of Equity Shares Held In Dematerialized Form
					No. (A)	As A % Of Total Shares Held(B)	
Sub Total A1	33	97,51,400	97,51,400	1.25	-	-	97,51,400
Non-Individual					-	-	
Ambadi Enterprises Ltd	1	2,91,380	2,91,380	0.04	-	-	2,91,380
A M M Vellayan Sons P Ltd	1	26,575	26,575	0.00	-	-	26,575
Carborundum Universal Limited	1	500	500	0.00	-	-	500
E.I.D.Parry (India) Ltd.	1	1,965	1,965	0.00	-	-	1965
M.M.Muthiah Research Foundation	1	1,41,750	1,41,750	0.02	-	-	1,41,750
Ambadi Investments Limited (Formerly Ambadi Investments Private Limited)	1	3,37,21,870	3,37,21,870	4.31	-	-	3,37,21,870
Parry Enterprises India Ltd	1	1,965	1,965	0.00	-	-	1,965
Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Ltd)	1	36,35,40,095	36,35,40,095	46.50	-	-	36,35,40,095
Coromandel Engineering Company Limited	0	0	0	0.00	-	-	0
AR Lakshmi Achi Trust	1	4,77,145	4,77,145	0.06	-	-	4,77,145
M A Alagappan Holdings Private Limited	1	1,55,000	1,55,000	0.02	-	-	1,55,000
Murugappa Educational And Medical Foundation	1	1,965	1,965	0.00	-	-	1,965
MA Murugappan Holdings LLP (M A Murugappan Holdings Private Ltd Was Converted Its Status To LLP)	1	75,000	75,000	0.01	-	-	75,000
Lakshmi Ramaswamy Family Trust-A A Alagammai & Lakshmi Ramaswamy Holds Shares On Behalf Of The Trust	1	5,85,630	5,85,630	0.07	-	-	5,85,630
Murugappan Arunachalam Children Trust-Sigappi Arunachalam, Mam Arunachalam, AM Meyammai Are Trustees	1	74,405	74,405	0.01	-	-	74,405
Valli Subbiah Benefit Trust (S Vellayan & A Vellayan Holds Shares On Behalf Of The Trust)	1	2,33,375	2,33,375	0.03	-	-	233,375
V S Bhairavi Trust (M V Subbiah and Kanika Subbiah Holds Shares On Behalf Of The Trust)	1	1,88,875	1,88,875	0.02	-	-	1,88,875
Arun Murugappan Children Trust-MAM Arunachalam and Sigappi Arunachalam Holds Shares On Behalf Of Trust	1	1,41,160	1,41,160	0.02	-	-	1,41,160
MA Alagappan Grand Children Trust (Arun Alagappan and AA Alagammai Holds Shares On Behalf Of Trust	1	1,57,250	1,57,250	0.02	-	-	1,57,250
K S Shambhavi Trust (M V Subbiah & S Vellayan Holds Shares On Behalf Of The Trust)	1	1,55,955	1,55,955	0.02	-	-	1,55,955
M V Seetha Subbiah Benefit Trust (S Vellayan & A Vellayan Holds Shares On Behalf Of The Trust)	1	2,64,000	2,64,000	0.03	-	-	2,64,000
Parry America Inc	0	0	0	0.00	-	-	0
Parrys Investments Limited	0	0	0	0.00	-	-	0
Parry Infrastructure Company Private Limited	0	0	0	0.00	-	-	0
Parrys Sugar Limited	0	0	0	0.00	-	-	0
Parry Agrochem Exports Ltd	0	0	0	0.00	-	-	0
Parry International DMCC	0	0	0	0.00	-	-	0
Coromandel International Ltd (Earlier Known As Coromandel Fertilisers Ltd.)	0	0	0	0.00	-	-	0

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total Nos. Shares Held	Shareholding as a % Of Total No. Of Shares (Calculated as per SCRR, 1957)As A % Of (A+B+C2)	Number Of Locked In Shares		Number Of Equity Shares Held In Dematerialized Form
					No. (A)	As A % Of Total Shares Held(B)	
Alimtec S.A.	0	0	0	0.00	-	-	0
Liberty Pesticides & Fertilizers Limited	0	0	0	0.00	-	-	0
Parry Chemicals Limited	0	0	0	0.00	-	-	0
CFL Mauritius Limited	0	0	0	0.00	-	-	0
Sabero Europe Bv	0	0	0	0.00	-	-	0
Sabero Australia Pty Ltd	0	0	0	0.00	-	-	0
Sabero Organics America Sa	0	0	0	0.00	-	-	0
Sabero Argentina Sa	0	0	0	0.00	-	-	0
Sabero Organics Philippines Asia Inc.	0	0	0	0.00	-	-	0
Coromandel Agronegocios De Mexico S.A. De C.V. (Formerly Sabero Organics Mexico S.A. De C.V.)	0	0	0	0.00	-	-	0
Coromandel Brasil Ltda (Limited Liability Company)	0	0	0	0.00	-	-	0
Coromandel Sqm (India) Private Ltd.	0	0	0	0.00	-	-	0
Yanmar Coromandel Agrisolutions Pvt. Ltd.	0	0	0	0.00	-	-	0
Coromandel International (Nigeria) Limited	0	0	0	0.00	-	-	0
Tunisian Indian Fertilizer S.A., Tunisia	0	0	0	0.00	-	-	0
Foskor (Pty) Limited, South Africa	0	0	0	0.00	-	-	0
Us Nutraceuticals LLC	0	0	0	0.00	-	-	0
Parry Sugars Refinery India Pvt. Ltd. (Formerly Known As Silkroad Sugar Private Ltd)	0	0	0	0.00	-	-	0
Algavista Greentech Private Limited	0	0	0	0.00	-	-	0
La Bella Botanics Llc	0	0	0	0.00	-	-	0
Dare Investments Limited	0	0	0	0.00	-	-	0
New Ambadi Estates Pvt. Ltd.	0	0	0	0.00	-	-	0
Parry Agro Industries Ltd. (Formerly Parry Estates Limited)	0	0	0	0.00	-	-	0
Murugappa Management Services Ltd.	0	0	0	0.00	-	-	0
Parry Murray Ltd. UK	0	0	0	0.00	-	-	0
Tube Investments Of India Ltd. (Formerly, TI Financial Holdings Ltd.)	0	0	0	0.00	-	-	0
Ti Tsubamex Pvt Ltd	0	0	0	0.00	-	-	0
Financiere C 10	0	0	0	0.00	-	-	0
Sedis, Sas	0	0	0	0.00	-	-	0
Sedis Company Ltd.	0	0	0	0.00	-	-	0
Sedis GMBH	0	0	0	0.00	-	-	0
Great Cycles (Private) Limited	0	0	0	0.00	-	-	0
Creative Cycles (Private) Limited	0	0	0	0.00	-	-	0
Shanthi Gears Ltd.	0	0	0	0.00	-	-	0
Cholamandalam Securities Ltd.	0	0	0	0.00	-	-	0
Cholamandalam Home Finance Limited (Formerly Cholamandalam Distribution Services Limited)	0	0	0	0.00	-	-	0
Chola Insurance Distribution Services Pvt. Ltd. (Formerly Chola Insurance Services Pvt. Ltd.)	0	0	0	0.00	-	-	0

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total Nos. Shares Held	Shareholding as a % Of Total No. Of Shares (Calculated as per SCRR, 1957)As A % Of (A+B+C2)	Number Of Locked In Shares		Number Of Equity Shares Held In Dematerialized Form
					No. (A)	As A % Of Total Shares Held(B)	
Chola Business Services Ltd.	0	0	0	0.00	-	-	0
Kartik Investments Trust Limited	0	0	0	0.00	-	-	0
Cherrytin Online Private Limited	0	0	0	0.00	-	-	0
Cholamandalam MS General Insurance Company Ltd.	0	0	0	0.00	-	-	0
Cholamandalam MS Risk Services Ltd.	0	0	0	0.00	-	-	0
Chola People And Marketing Services Private Limited (Formerly Chola People Services Private Ltd.)	0	0	0	0.00	-	-	0
Cholamandalam Health Insurance Ltd.	0	0	0	0.00	-	-	0
Cumi America Inc.	0	0	0	0.00	-	-	0
Net Access (India) Limited	0	0	0	0.00	-	-	0
Southern Energy Development Corporation Ltd.	0	0	0	0.00	-	-	0
Sterling Abrasives Ltd.	0	0	0	0.00	-	-	0
Cumi (Australia) Pty Ltd	0	0	0	0.00	-	-	0
Cumi Middle East Fze	0	0	0	0.00	-	-	0
Cumi International Ltd	0	0	0	0.00	-	-	0
Volszhsky Abrasives Works	0	0	0	0.00	-	-	0
Foskor Zirconia Pty Limited, South Africa	0	0	0	0.00	-	-	0
Cumi Abrasives And Ceramics Company Ltd, China	0	0	0	0.00	-	-	0
Cumi Europe S.R.O	0	0	0	0.00	-	-	0
Thukela Refractories Isithebe Proprietary Limited	0	0	0	0.00	-	-	0
Wendt (India) Ltd.	0	0	0	0.00	-	-	0
Murugappa Morgan Thermal Ceramics Ltd.	0	0	0	0.00	-	-	0
Ciria India Ltd.	0	0	0	0.00	-	-	0
Mm Muthiah Sons P Ltd.	0	0	0	0.00	-	-	0
Yelnoorkhan Group Estates	0	0	0	0.00	-	-	0
Murugappa & Sons (M.V.Murugappan M A Alagappan And M M Murugappan Hold Shares On Behalf Of The Firm)	0	0	0	0.00	-	-	0
AMM Foundation	0	0	0	0.00	-	-	0
Genfour Properties Pvt. Ltd.	0	0	0	0.00	-	-	0
M M Muthiah Family Trust (M M Murugappan & M M Muthiah Holds Shares On Behalf Of The Trust)	1	46,620	46,620	0.01	-	-	46,620
M M Veerappan Family Trust (M M Murugappan & Meenakshi Murugappan Holds Shares On Behalf Of Trust)	1	46,055	46,055	0.01	-	-	46,055
M V Muthiah Family Trust (M M Venkatachalam And M V Muthiah Holds Shares On Behalf Of The Trust)	1	4,74,130	4,74,130	0.06	-	-	4,74,130
M V Subramanian Family Trust (M M Venkatachalam And M V Subramanian Holds Shares On Behalf Of Trust)	1	4,74,130	4,74,130	0.06	-	-	4,74,130
TI Absolute Concepts Private Limited	0	0	0	0.00	-	-	0
M M Murugappan Family Trust (M M Murugappan And Meenakshi Murugappan Are The Trustees)	1	3,33,000	3,33,000	0.04	-	-	3,33,000

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total Nos. Shares Held	Shareholding as a % Of Total No. Of Shares (Calculated as per SCRR, 1957)As A % Of (A+B+C2)	Number Of Locked In Shares		Number Of Equity Shares Held In Dematerialized Form
					No. (A)	As A % Of Total Shares Held(B)	
Meenakshi Murugappan Family Trust (M M Murugappan & Meenakshi Murugappan Are The Trustees)	1	25,000	25,000	0.00	-	-	-
M M Venkatachalam Family Trust (M M Venkatachalam And Lakshmi Venkatachalam Are The Trusteees)	1	1,22,550	1,22,550	0.02	-	-	-
Lakshmi Venkatachalam Family Trust (M M Venkatachalam And Lakshmi Venkatachalam Are The Trustees)	0	0	0	0.00	-	-	-
Shambho Trust (M V Subbiah, S Vellayan And Kanika Subbiah Are The Trustees)	1	16,01,300	16,01,300	0.20	-	-	-
Saraswathi Trust (M V Subbiah, S Vellayan And M V Seetha Subbiah Are The Trustees)	1	7,79,785	7,79,785	0.10	-	-	7,79,785
A1 Non-Individual- Total	29	40,41,38,430	40,41,38,430	51.69			40,41,38,430
A2) Foreign – Any Others							
M M Veerappan	0	0	0	0.00			0
Valliammai Murugappan	1	12,890	12,890	0.00			12,890
A2 - Total	1	12,890	12,890	0.0			12,890
A=A1+A2	63	41,39,02,720	41,39,02,720	52.94			41,39,02,720

The following table sets forth the details regarding the equity shareholding of the members of the public as on December 31, 2019:

Category and name of the Shareholders	No. of shareholder	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of locked in shares		No. of Equity Shares held in dematerialized form(Not Applicable)
							No.(a)	As a % of total Shares held(b)	
B1) Institutions	-	-	-	-	-	-	-	-	-
Mutual Funds/	31	14,48,32,909	14,48,32,909	18.52	14,48,32,909	18.52	31	14,48,32,909	14,48,32,409
Alternate Investment Funds	14	49,17,128	49,17,128	0.63	49,17,128	0.63	14	49,17,128	49,17,128
Foreign Portfolio Investors	178	12,98,68,511	12,98,68,511	16.61	12,98,68,511	16.61	178	12,98,68,511	12,98,68,511
Financial Institutions/ Banks	4	3,62,634	3,62,634	0.05	3,62,634	0.05	4	3,62,634	3,62,634
Insurance Companies									
Sub Total B1	227	27,99,81,182	27,99,81,182	35.81	27,99,81,182	35.81	227	27,99,81,182	27,99,80,682
B2) Central Government/ State Government(s)/ President of India									
B3) Non-Institutions									
Individual share capital upto ₹2 Lacs	53,922	4,53,99,879	4,53,99,879	5.81	4,53,99,879	5.81			4,42,32,484
Individual share capital in excess of ₹2 Lacs	29	61,12,428	61,12,428	0.78	61,12,428	0.78			61,12,428
NBFCs registered with RBI	2	51,875	51,875	0.01	51,875	0.01			51,875
Any Other (specify)									
Trusts	9	3,58,387	3,58,387	0.05	3,58,387	0.05			3,58,387
Non-Resident Indian (NRI)	1,739	18,68,323	18,68,323	0.24	18,68,323	0.24			18,47,063

Category and name of the Shareholders	No. of shareholder	No. of fully paid up Equity Shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of locked in shares		No. of Equity Shares held in dematerialized form(Not Applicable)
							No.(a)	As a % of total Shares held(b)	
Clearing Members	114	9,48,097	9,48,097	0.12	9,48,097	0.12			9,48,097
Bodies Corporate	930	1,23,27,693	1,23,27,693	1.58	1,23,27,693	1.58			1,23,18,708
IEPF	1	3,79,475	3,79,475	0.05	3,79,475	0.05			3,79,475
HUF	848	9,21,293	9,21,293	0.12	9,21,293	0.12			9,21,293
Foreign Nationals	1	300	300	0.00	300	0.00			300
Qualified Institutional Buyer	15	1,75,86,100	1,75,86,100	2.25	1,75,86,100	2.25			1,75,86,100
Others - Non-Resident Indian - Non Repatriable	852	20,38,353	20,38,353	0.26	20,38,353	0.26			20,38,353
Sub Total B3	58,462	8,79,92,203	8,79,92,203	11.25	8,79,92,203	11.25			8,67,94,563
B=B1+B2+B3	58,689	36,79,73,385	36,79,73,385	47.06	36,79,73,385	47.06			36,67,75,245

Details of Shares which remain unclaimed for Public

Serial No.	Number of shareholders	Outstanding shares held in demat or unclaimed suspense account	voting rights which are frozen	Disclosure of notes on shares which remain unclaimed for public shareholders
1	2	950	950	-

The following table sets forth the details of our non-promoter, non-public shareholders as on December 31, 2019:

Category and name of the Shareholders(I)	No. of shareholder(III)	No. of fully paid up Equity Shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of Locked in shares(XII)		Number of equity shares held in dematerialized form(XIV)(Not Applicable)
					No	As a % of total Shares held	
C1) Custodian/DR Holder	0	0	0	0	0	0	0
C2) Employee Benefit Trust	0	0	0	0	0	0	0
Employee Benefit Trust	0	0	0	0	0	0	0
Sub Total C2	0	0	0	0	0	0	0
C= C1+C2	0	0	0	0	0	0	0

Details of disclosure made by the trading members holding 1% or more of the total number of shares of the Company as on December 31, 2019: - NIL

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "Selling Restrictions" and "Transfer Restrictions" on pages 209 *and* 216*, respectively.*

Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the Takeover Regulations.

Our Company and Book Running Lead Manager and its respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI Regulations and Section 42 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with relevant rules made thereunder, a company may issue equity shares to Eligible QIBs provided that certain conditions are met by the company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution;

- invitation to apply in the QIP must be made through a private placement offer-cum-application and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;the issuer shall have completed allotments with respect to any earlier offer or invitation made by the issuer or shall have withdrawn or abandoned such invitation or offer made by the issuer, except as permitted under the Companies Act, 2013; and

- the promoters and directors of the issuer shall not be fugitive economic offenders.

At least 10% of the equity shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Bid Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI Regulations. However, a discount of up to 5% of the floor price is permitted in accordance with the provisions of the SEBI Regulations. Our Board through its resolution dated December 12, 2019 and our Shareholders through special resolution dated January 13, 2020, passed by way of postal ballot, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price.

The "relevant date" in case of allotment of equity shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The securities must be allotted within 365 days from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the QIP must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500 million; and
- five, where the issue size is greater than ₹2,500 million.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "—*Bid Process—Application Form*" on page 812.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules.

The Issue has been authorised and approved by our Board on December 12, 2019 and our Shareholders through special resolution dated January 13, 2020, passed by way of postal ballot.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 209 and 216, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On Bid Issue Opening Date, our Company or the BRLMs shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain complete records of Eligible QIBs to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act, 2013.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the Company in consultation with the BRLMs. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the escrow account specified in the application form and a copy of the PAN card or PAN allotment letter, during the Issue Period to the BRLMs.

4. Eligible QIBs will be required to indicate the following in the Application Form:

   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details, phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - details of the depository account to which the Equity Shares should be credited;

   - equity shares held by the Eligible QIBs in our Company prior to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form.

   NOTE*: *Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

5. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "**CHOLAMANDALAM - QIP ESCROW ACCOUNT 2020**" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "*– Refunds*" on page 205.

6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid Closing Date. In case of an upward revision before the Bid Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission

of such revised Bid. The Bid Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or after the Bid Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the Book Running Lead Managers.**

8. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

9. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

10. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

12. Our Company will then apply for the final trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

Only Eligible QIBs who have not been prohibited by the SEBI from buying, selling or dealing in securities can participate in this Issue. Accordingly, Eligible QIBs for the purposes of this Issue shall comprise:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India.
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs and eligible FVCIs;
- pension funds with minimum corpus of ₹250 million;
- provident funds with minimum corpus of ₹250 million;

- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies; and
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India.

ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. OTHER ELIGIBLE NON RESIDENT QIBS, INCLUDING FVCIS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES.

In terms of the FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all Eligible FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100%. under the automatic route. Prior to March 31, 2020, the aggregate limit may be decreased by our Company to certain prescribed lower threshold limits with the approval of our Board and our Shareholders through a special resolution. Further, in case our Company decreases its aggregate limit, it may increase such aggregate limit to the prescribed limits with the approval of our Board and our Shareholders through a special resolution. However, our Company shall not be allowed to reduce the aggregate limit to a lower threshold once such limit has been increased.

In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on page 209 and 216, respectively.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoter. Eligible QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoters or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on the board of the issuer,

Provided, however, that an Eligible QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Company, the BRLMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number

of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Eligible QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 3, 209 and 216, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI Regulations and is not excluded under Regulation 179(2)(b) of the SEBI Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a promoter and is not a person related to the promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the promoter;

4. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid after the Bid Closing Date;

5. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. Each Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the Takeover Regulations;

8. The Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period.

9. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

10. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs.

11. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB ; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

12. The Eligible QIB confirms that:

    (a) If it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate; and

    (b) If it is outside the United States, it is purchasing the Equity Shares in an offshore transaction in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate.

13. The Eligible QIBs acknowledge that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

15. The QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10% of the total issued share capital of our Company.

ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through any BRLM) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and Email	Phone (Telephone and Fax)
Axis Capital Limited	Axis House, Level 1, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai 400 025	Sanjay Kathale	Website: www.axiscapital.co.in Email: Sanjay.Kathale@axiscap.in	Tel: +91 22 4325 5585 Fax: +91 22 4325 4599
Ambit Capital Private Limited	Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013	Praveen Sangal / Krishnakant Jaju	Website: www.ambit.co Email: Project.jump@ambit.co	Tel: +91 22 6623 3000 Fax: +91 22 3043 3100

The BRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue, shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "**CHOLAMANDALAM - QIP ESCROW ACCOUNT 2020**" with the Escrow Agent, in terms of the arrangement among our Company, the Book Running Lead Managers and the Escrow Agent. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "**CHOLAMANDALAM - QIP ESCROW ACCOUNT 2020**" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "*Issue Procedure – Refunds*" on page 205.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, Our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of our Shareholders, accorded through their resolution passed by way of postal ballot on January 13, 2020 and in terms of Regulation 176(1) of the SEBI Regulations.

The "Relevant Date" referred to above will be the date of the meeting in which the Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Bid Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI Regulations as approved by our Shareholders pursuant to resolution dated January 13, 2020, passed by way of postal ballot.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VI of the SEBI Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLMS ARE NOT OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the successful Bidders' beneficiary accounts, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Bid Amount, our Company shall repay the Bid Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

In relation to Eligible QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC.

Other Instructions

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "*Bid Process*" – "*Refund*" on page 205.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

Placement Agreement

The BRLMs have entered into the Placement Agreement with our Company, pursuant to which the BRLMs have agreed to procure subscriptions for the Equity Shares to be issued pursuant to the Issue on a best efforts basis.

The Placement Agreement contains customary representations, warranties and indemnities from our Company, the BRLMs and it is subject to termination in accordance with the terms contained therein.

The BRLMs and their affiliates may engage in transactions with and perform services for our Company and its Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and its Subsidiaries or affiliates, for which they would have received compensation and may in the future receive compensation.

In connection with the Issue, the BRLMs (or their respective affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLMs may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue, and no specific disclosure will be made of such positions. Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 8 and 3, respectively.

Lock-up

The Company agrees, subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for equity share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of equity shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of equity shares, or such other securities, in cash or otherwise, for a period from the date hereof up to 90 days after the Closing Date without the prior written consent of the Book Running Lead Managers, however, the foregoing restriction shall not be applicable (i) to any transaction required by law or an order of a court of law or a statutory authority; (ii) to any issuance of Equity Shares of the Company pursuant to conversion of stock options issued or to be issued by the Company; and (iii) to any issuance* of Equity Shares of the Company pursuant to a preferential allotment approved by the Board and Shareholders.

**Our Board has, pursuant to a resolution dated January 23, 2020, and subject to the approval of our Shareholders, approved an issue of Equity Shares by way of preferential issue to Cholamandalam Financial Holdings Limited, a promoter entity, up to an amount not exceeding ₹30,000 lakhs in one or more tranches at a price, in accordance with Chapter V of the SEBI Regulations.*

Except for the proposed preferential issue to Cholamandalam Financial Holdings Limited, the Promoters who held Equity Shares as on the date of the Placement Agreement, shall not, without the prior consent of the BRLMs, announce any intention to enter into any transaction, whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 90 days from the date of the Placement Document (both dates inclusive), directly or indirectly:

a) offer, issue, pledge, sell, encumber, contract to sell or announce the intention to sell, lend, purchase any option or contract to sell, grant or sell any option, right, contract or warrant to purchase, lend, make any short sale or otherwise transfer or dispose of any Shares or any other securities of the Company substantially similar to the Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive lock-up shares (as defined in the Placement Agreement) or any such substantially similar securities, whether now owned or hereinafter acquired;

b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Shares and the securities that are convertible into, exercisable or exchangeable for or any such substantially similar securities, whether now owned or hereinafter acquired;

c) whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise,

d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Shares in any depository receipt facility, or

e) publicly announce its intention to enter into the transactions referred to in (a) to (b) above.

Nothing would restrict the inter-se transfer of any Equity Shares between Promoters/ members of the Promoter Group. In addition, the Promoters shall not, without the prior consent of the BRLMs, during the lock-up period, make any demand for or exercise any right with respect to, the registration of any Equity Shares or any other securities of the Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

Further, in accordance with Regulation 172(3) of the SEBI Regulations, our Company shall not undertake a subsequent QIP until expiry of six months from the date of this Issue.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Transfer Restrictions*" on page 216.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Equity Shares under this document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer of the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or a Book Running Lead Manager) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

This document has been prepared for private information purposes of intended investors only who will be accredited investors. For this purpose, an "accredited investor" means: (i) an individual holding financial assets (either singly or jointly with a spouse) of US$1,000,000 or more; (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US$1,000,000; or (iii) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund). This document is intended to be read by the addressee only.

No invitation has been made in or from the Kingdom of Bahrain and there will be no marketing or offering of the Equity Shares to any potential investor in Bahrain. All marketing and offering is made and will be made outside of the Kingdom of Bahrain. None of the Central Bank of Bahrain, the Bahrain Stock Exchange or any other regulatory authority in Bahrain has reviewed, nor has it approved, this document or the marketing of Equity Shares and takes no responsibility for the accuracy of the statements and information contained in this document, nor shall it have any liability to any person for any loss or damage resulting from reliance on any statements or information contained herein. This document is not subject to the regulations of the Central Bank of Bahrain that apply to public offerings of securities, and the extensive disclosure requirements and other protections that these regulations contain.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

People's Republic of China

This Preliminary Placement Document may not be circulated or distributed in the People's Republic of China (the "**PRC**") and the Equity Shares may not be offered or sold directly or indirectly to any resident of the PRC, or offered or sold to any person for reoffering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. Neither this offering circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

European Economic Area

In relation to each Member State of the EEA Area which has implemented the Directive 2003/71/EC (and any amendment thereto, including Directive 2010/73/EU 2010, to the extent implemented in each relevant EEA Member State) and any relevant implementing measure in each relevant EEA Member State (the "**Prospectus Directive**") (each a "**Relevant Member State**"), an offer to the public of any Equity Shares may not be made in that Relevant Member State, except if the Equity Shares are offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Company or any of the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Equity Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Book Running Lead Managers and our Company that it is a "qualified investor" within the meaning of the law in that relevant EEA Member State which has implemented Article 2(1)(e) of the Prospectus Directive.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information of the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Offering have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale. Our Company, its directors, the Book Running Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Book Running Lead Managers of such fact in writing may, with the consent of the Book Running Lead Managers, be permitted to subscribe for or purchase Equity Shares in the Issue.

Hong Kong

The Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Jordan

The Equity Shares have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Preliminary Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange.

Each of the BRLMs have represented and agreed that the Equity Shares have not been and will not be offered, sold or promoted or advertised by it in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant to them governing the issue of offering and sale of securities. Without limiting the foregoing, each Manager has represented and agreed that the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them.

Republic of Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Equity Shares, except (i) where relevant requirements are satisfied, the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Equity Shares.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

The Netherlands

The Equity Shares are not and may not be offered in the Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which incorporates the term "qualified investors" as used in the Prospectus Directive).

New Zealand

This Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Preliminary Placement Document, each investor represents and warrants that if they receive this Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Preliminary Placement Document to any person who is not also a Habitual Investor.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document will not take place inside Oman. The Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

This document and the offering of the Equity Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority the Ministry of Business and Trade or any other governmental authority in the State of Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Equity Shares in the State of Qatar. Accordingly, the Equity Shares are not being, and will not be, offered, issued or sold in the State of Qatar, and this document is not being, and will not be, distributed in the State of Qatar. The offering, marketing, issue and sale of the Equity Shares and distribution of this document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of the State of Qatar. No application has been or will be made for the Equity Shares to be listed or traded on the Qatar Exchange or the QE Venture Market.

This document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Equity Shares pursuant to the Issue should note that the offer of Equity Shares is an offer to "Sophisticated Investors" (as defined in Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated August 18, 2008 (the "**KSA Regulations**")) for the purposes of Article 9 of the KSA Regulations. Each Book Running Lead Manager has represented, warranted and agreed that the offer of the Equity Shares will only be directed at Sophisticated Investors. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

The offer of Equity Shares shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Equity Shares as a Sophisticated Investor may not offer or sell those Equity Shares to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Equity Shares are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Equity Shares in any one transaction is equal to or exceeds Saudi Arabian Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Book Running Lead Manager has represented, warranted and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

i. the offer, transfer, sale, renunciation or delivery is to:

    (a) persons whose ordinary business is to deal in securities, as principal or agent;

    (b) the South African Public Investment Corporation;

    (c) persons or entities regulated by the Reserve Bank of South Africa;

    (d) authorised financialservice providers under South African law;

    (e) financial institutionsrecognised as such under South African law;

    (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or

    (g) any combination of the person in (a) to (f); or

ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, this Preliminary Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this Preliminary Placement Document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "**SA Relevant Persons**"). Any investment or investment activity to which this Preliminary Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on

Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the "**UAE**") or any other authority in any of the free zones established and operating in the UAE. The Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of such securities.

Dubai International Financial Centre

The Equity Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on that basis that an offer is:

1. an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and

2. made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Kingdom

Each Book Running Lead Manager, severally and not jointly, has represented and warranted that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the offer or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

Any investment or investment activity to which this document relates is directed only at, available only to, and will be engaged in only with (i) persons who are outside the United Kingdom (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iv) or persons to whom it can otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it or any of its contents.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Transfer Restrictions*" on page 216.

TRANSFER RESTRICTIONS

Due to the following restrictions, prospective investors are advised to consult legal counsel prior to purchasing Equity Shares in the Issue and making any offer, resale, pledge or transfer of the Equity Shares purchased in the Issue.

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue for a period of one year from the date of Allotment, except on the Stock Exchanges. Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. Specifically, investments by FVCIs are required to be made in compliance with Schedule I of FEMA Rules. Additional transfer restrictions applicable to the Equity Shares are listed below.

U.S. Offer Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Placement Agent as follows:

- You (A) are a “qualified institutional buyer” (as defined in Rule 144A), (B) are aware that the sale of the Equity Shares to you is being made in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (C) are acquiring such Equity Shares for its own account or for the account of a “qualified institutional buyer”;

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a “qualified institutional buyer” in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction in reliance upon Regulation S, as applicable, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction in which such offers or sales are made;

- It agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any “directed selling efforts” as defined in Regulation S, with respect to the Equity Shares. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any directed selling efforts;

- The Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company only) the information contained in this Preliminary Placement Document, as it may be supplemented; and

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for you are subscribing to the Equity Shares for (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or any of the Placement Agent or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution.

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.

- You acknowledge that if at any time its representations cease to be true, you agree to resell the Equity Shares at our Company's request.

- You have been provided access to this Preliminary Placement Document which you have read in its entirety.

- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by us.

Global Offer Purchaser Representations and Transfer Restrictions

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of my Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Placement Agent and their respective affiliates shall have any responsibility in this regard;

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States of America (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States of America (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States;

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, as applicable, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (v) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction;

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts;

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Preliminary Placement Document, as may be supplemented; and

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions, will not be recognized by us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the BRLMs or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies are required to ensure a minimum public shareholding at 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"). The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorised share capital of our Company is ₹7,400,000,000 consisting of 1,200,000,000 Equity Shares of face value of ₹2 each and 50,000,000 Preference Shares of face value of ₹100 each.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the AGM of shareholders. The shareholders have the right to decrease but not increase dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of the same class of a company must receive equal dividend treatment.

These distributions and payments are required to be deposited into a separate bank account within five days of the declaration of such dividend and paid to shareholders within 30 days of the AGM wherein the resolution for declaration of dividends is approved.

The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India. In addition, all shares in respect of which dividend has not been paid or claimed for seven consecutive years, shall be transferred by the Company to the Investor Education and Protection Fund along with a statement containing the required details.

The Articles authorize the board of directors of our Company to declare interim dividends, the amount of which must be deposited in a separate bank account within five days and paid to the shareholders within 30 days of the declaration.

Under the Companies Act, 2013 dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant annual general meeting, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

Dividends may only be paid out of the profits of our Company for the relevant year and in certain contingencies out of the reserves of our Company. Before declaring dividends, our Company is required, in accordance with the guidelines of RBI, to transfer a minimum 20% of its net profit to a reserve fund.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings calculated as described above, the Companies Act, 2013 permits the board of directors of our Company, subject to the approval of the shareholders of our Company, to distribute to the shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to shareholders in proportion to the number of equity shares owned by them.

Bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/interest payments on fixed deposits or debt securities issued by it. Bonus shares shall not be issued in lieu of dividend.

Pre-Emptive Rights and Issue of Additional Shares

The Companies Act, 2013 gives shareholders the right to subscribe for new shares in proportion to their existing shareholdings unless otherwise determined by a resolution passed members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. Under the Companies Act, 2013 and the Articles, in the event of an issuance of securities, subject to the limitations set forth above, our Company must first offer the new Equity Shares to the holders of Equity Shares on a fixed record date. The offer, required to be made by notice, must include:

- the right exercisable by the shareholders as on record date, to renounce the Equity Shares offered in favor of any other person;
- the number of Equity Shares offered; and

- the period of the offer, which may not be less than 15 days from the date of the offer and shall not exceed thirty days. If the offer is not accepted, it is deemed to have been declined.

Our Board is permitted to distribute Equity Shares not accepted by existing shareholders in the manner it deems beneficial for us in accordance with the Articles.

General Meetings of shareholders

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. The Company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months.Our Board may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of the Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless the Articles of Association provide for a larger number, such number of shareholders, shall constitute a quorum for a general meeting of the Company, whether AGM or EGM as specified under the Companies Act. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

According to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, a company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the Shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

A shareholder has one vote for each equity share and voting may be on a poll or through electronic means or postal ballot.

Ordinary resolutions may be passed by simple majority if the votes cast in favour exceeds the votes cast against the resolution. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act, 2013 read with the rules issued thereunder. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have the right to speak at meetings.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with National Securities Depository Limited and Central Depository Services Limited. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Company shall keep a book in which every transfer or transmission of shares will be entered.

Except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

The Equity Shares shall be freely transferable, subject to applicable laws. Except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

Liquidation Rights

Subject to the rights of depositors, creditors and employees, in the event of winding up of our Company, the holders of the Equity Shares are entitled to be repaid the amounts of capital paid up or credited as paid up on these Equity Shares. All surplus assets remaining belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on these Equity Shares, respectively, at the commencement of the winding up.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders and Non-U.S. Holders under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion is based on the tax laws of the United States as in effect on the date of this Preliminary Placement Document; U.S. Treasury regulations in effect as of the date of this Preliminary Placement Document; judicial and administrative interpretations thereof available on or before such date; and the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "US India Treaty"). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities, including companies classified as foreign governments for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

A "**Non-U.S. Holder**" is a beneficial owner of Equity Shares that is not a U.S. Holder. If you are a partner in a partnership, or other entity taxable as a partnership for United States federal income tax purposes, that holds Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership. Prospective purchasers of Equity Shares that are partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

U.S. Holders

Taxation of Distributions on the Equity Shares

Subject to the PFIC rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, the Company does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) the Company is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) the Company is eligible for the benefits of the US India Treaty. The Company expects to be eligible for the benefits of the US India Treaty. However, the Company believes it was a PFIC for the taxable year ending March 31, 2017 and may be a PFIC for the current year and future years. Accordingly, the preferential dividend rate with respect to dividends paid to certain non-corporate U.S. Holders discussed below may not apply. *Non-corporate U.S. Holders are strongly urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the Equity Shares.*

The amount of any distribution paid by the Company in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realized on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends distributed with respect to the Equity Shares will generally constitute "passive category income". A U.S. Holder will not be able to claim a U.S. foreign tax credit for Indian taxes for which the Company is liable and must pay with respect to distributions on the Equity Shares. *The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.*

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realized for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of an Equity Share generally will be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because gains on a disposition of an Equity Share generally will be treated as U.S. source, the use of foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their United States federal income tax liability.

A U.S. Holder that receives foreign currency from the sale or disposition of the Equity Shares generally will realize an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realized on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Medicare Tax

Certain U.S. Holders who are individuals, estates, or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income" or "undistributed net investment income" in the case of an estate or trust, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. The 3.8% Medicare surtax is determined in a different manner than the regular U.S. income tax. *Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.*

Information with Respect to Foreign Financial Assets

Individuals and certain entities who are U.S. Holders that own "specified foreign financial assets", including stock of a non-U.S. corporation not held through a financial institution, with an aggregate value in excess of certain dollar thresholds may be required to file an information report with respect to such assets on IRS Form 8938 with their United States federal income tax returns. Penalties apply for failure to properly complete and file IRS Form 8938. *U.S. Holders are encouraged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Equity Shares.*

Passive Foreign Investment Company

In general, a non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. The Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Although not free from doubt, the Company believes it was a PFIC for its taxable year ending March 31, 2017, and may be a PFIC for the current year and future years. Interest income is generally passive income and a large portion of our Company's income is from interest. Similarly, loans held as assets are generally passive assets. A special rule allows banks to treat their banking business income as non-passive, and assets giving rise to banking business income as active assets. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. Our Company does not believe that it currently meets these requirements and therefore, our Company's interest income will likely be treated as passive income, and the Company's loan assets will likely be treated as passive assets. However, the determination of whether the Company is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that the Company will or will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of the Company's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Furthermore, the Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably. *Prospective purchasers are urged to consult their tax advisors regarding the Company's possible status as a PFIC.*

If the Company is a PFIC for any taxable year during which you hold Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If the Company is a PFIC for any year during which you hold Equity Shares, the Company generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, regardless of whether the Company in fact continues to meet the income or asset test described above.

In addition, if the Company is treated as a PFIC, to the extent any of its direct or indirect subsidiaries (if any) are also PFICs, you may be deemed to own shares in such subsidiaries (if any) and you may be subject to the adverse PFIC tax consequences with respect to the shares of such subsidiaries (if any) that you would be deemed to own.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a U.S. Holder may make an election to treat the Company as a qualified electing fund ("**QEF**") for U.S. federal income tax purposes. To make a QEF election, the Company must provide U.S. Holders with information compiled according to U.S. federal income tax principles. The Company does not currently intend to prepare or provide the information that would enable you to make a QEF election.

Mark-to-market election

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in the Company's subsidiaries (if any) to the extent they are PFICs that you may be deemed to own if the Company is treated as a PFIC, as discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by the Company, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. *U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.*

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISOR REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Equity Shares or gain from the sale, redemption or other disposition of the Equity Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of an Equity Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding under certain circumstances.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which the Company is a PFIC, may be required to file Internal Revenue Service Form 8621 with respect to their ownership of the Equity Shares. In addition, U.S. Holders may be required to file additional information with respect to their ownership of the Equity Shares.

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of criminal cases, civil cases, tax proceedings and consumer complaints. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.

Except as disclosed in this section, there is no outstanding legal proceeding which has been considered material in accordance with our Company's 'Policy for Determination of Materiality for Disclosure of Information/Events to the Stock Exchanges' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated January 29, 2016 and modified by our Board pursuant to its resolution dated March 19, 2019. However, solely for the purpose of the Issue, the following outstanding legal proceedings have been disclosed in this section of this Preliminary Placement Document: (i) any action initiated by regulatory authorities (such as SEBI, RBI, NHB, Stock Exchanges or such similar authorities) which is outstanding and involves our Company or our Subsidiaries or our Promoters or our Directors; (ii) any outstanding civil litigation involving our Company, our Subsidiaries or our Promoters or our Directors, where the amount involved is ₹1,823 lakhs (being 1% of the profit before tax for Fiscal 2019) or above; (iii) any outstanding tax proceedings involving our Company or our Subsidiaries or our Promoters, or our Directors, where the amount involved is ₹1,823 lakhs (being 1% of the profit before tax for Fiscal 2019) or above; (iv) any outstanding criminal litigation involving our Company or our Subsidiaries or our Promoters or our Directors, on a consolidated basis; and (v) any other litigation involving our Company, or our Subsidiaries or our Promoters or our Directors which may be considered material by our Company for the purposes of disclosure in this section of this Preliminary Placement Document.

Except as disclosed elsewhere, this section of the Preliminary Placement Document also discloses (i) any inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 in the last three years preceding the year of this Preliminary Placement Document involving our Company, its Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or its Subsidiaries; (ii) any material fraud committed against our Company in the last three years exceeding ₹100 lakhs, and if so, the action taken by our Company; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action, if any, will be disclosed.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Subsidiaries, our Promoters or our Directors as the case may be, have not been considered as litigation until such time that the above-mentioned entities are not impleaded as a defendant in litigation proceedings before any judicial forum.

I. *Litigation involving our Company*

Litigation against our Company

A. Criminal Litigation against our Company

As on the date of this Preliminary Placement Document, there are 193 criminal cases filed by various persons against our Company. These cases have been filed in the ordinary course of business of the Company and are in the nature of, among others, (i) unauthorized seizure of the vehicles financed by the Company; (ii) harassment of the collection staff of our Company; and (iii) third party accident claims and disputes with and/or in relation to buyers, sales, insurance, EMI etc.

B. Actions Taken by Regulatory and Statutory Authorities against our Company

Enforcement Directorate Proceedings

The Deputy Director, Directorate of Enforcement ("**ED**"), has passed five provisional attachment orders ("**Provisional Orders**") under the Prevention of Money Laundering Act, 2002 ("**PML Act**"), against various banks and financial institutions, including our Company ("**Defendants**"), in relation to properties mortgaged/hypothecated by several customers of the Defendants for availing loans from the Defendants. The ED has also filed complaints before the adjudicating authority under the PML Act ("**Adjudicating Authority**"), seeking confirmation of the Provisional Orders. In response to these complaints, the Adjudicating Authority has issued notices under the PML Act to the Defendants, including our Company, directing the Defendants to show cause as to why: (i) the properties should not be declared as properties involved in money laundering, and which should accordingly be confiscated; and (ii) the Provisional Orders should not be confirmed. Our Company has submitted its responses before the Adjudicating Authority stating that it was unaware that the properties mortgaged/hypothecated by the customers were tainted, and submitted that the loans were granted to the impugned customers after due diligence as per the internal processes of our Company. However, the Provisional Orders have been subsequently confirmed by the Adjudicating Authority. Aggrieved, our Company has filed appeals before the appellate tribunal under the PML Act, and the matters are currently pending.

Stamp Duty Matters

Our Company has received some notices and letters from the relevant District Registrar/ Collector ("**Relevant Authority**") alleging deficits in stamp duty paid by our Company in respect of, *inter alia*, agreements entered into by our Company with our borrowers and other third parties, and directing our Company to pay the deficit amounts of stamp duty within the stipulated timelines. Our Company has responded to these notices and letters, clarifying that the alleged agreements have either not been entered into by our Company, or that the requisite stamp duty has been paid by our Company in respect of the agreements which it has executed. No further communication has been received from the Relevant Authorities in this regard.

C. Notices issued by the Ministry of Corporate Affairs

The Ministry of Corporate Affairs, Office of the Registrar of Companies, Tamil Nadu ("**MCA**") has issued three notices to us, each dated March 15, 2019, pursuant to an inspection conducted under Section 209A of the Companies Act, 2013, to show cause for the following: (i) allegedly not following the 'useful life' prescribed under Part C of Schedule II of the Companies Act, 2013 in respect of plant and machinery; (ii) for classifying computers and data processing units of our Company as plant and machinery in the financial statements for the Fiscals 2015 to 2018, and in respect of the useful lives to compute depreciation of computers and data processing units, in alleged non-compliance with Part C of Schedule II of the Companies Act, 2013; and (iii) allegedly not furnishing the financial position of the Subsidiaries in the Board report attached to our financial statements for Fiscal 2015, and the financial position of our erstwhile subsidiary, White Data Systems Private Limited, in the Board report attached to our financial statements for Fiscals 2016 and 2017, in accordance with Section 134(3)(q) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. Our Company has responded to the MCA through letters dated March 28, 2019, submitting that our Company is in compliance with the applicable provisions of the Companies Act, 2013. No further communication has been received from the MCA in this regard.

D. Tax Litigation against our Company

Income Tax

1. Pursuant to the assessment of the Company for the assessment year 2017-18, under Section 143(3) of the Income Tax Act, 1961 ("**IT Act**") the Assistant Commissioner of Income Tax, Corporate Circle, Chennai, ("**Assistant Commissioner**") by an order dated December 31, 2019, and a demand notice dated December 31, 2019 directed our Company to pay an amount aggregating ₹5,700 lakhs towards income tax. As per the demand notice, the net amount payable by our Company was ₹5,700 lakhs. The Assistant Commissioner computed the net amount payable by our Company taking into consideration the accrued income towards excess interest and the excess provision for bad and doubtful debts in contravention of Section 36(i)(viia)(d) of the IT Act. The matter is currently pending for appeal.

2. Pursuant to the assessment of the Company for the assessment year 2016-17, under Section 143(3) of the Income Tax Act, 1961 ("**IT Act**") the Assistant Commissioner of Income Tax, Corporate Circle, Chennai, ("**Assistant Commissioner**") by an order dated December 30, 2018, and a demand notice dated December 30, 2018 directed our Company to pay an amount aggregating ₹1,864 lakhs towards income tax. As per the demand notice, the net amount payable by our Company was ₹1,864 lakhs. The Assistant Commissioner computed the net amount payable by our Company taking into consideration the adjustment towards upfront recognition of excess interest spread income in case of securitisation of receivables, disallowing 100% depreciation claimed on temporary structures and allowing 10% depreciation under buildings block, and computing the consequential interest imposed under 234C of the IT Act. Against this order, our Company has filed an appeal before the Commissioner of Income Tax (Appeals) and the matter is currently pending.

3. Pursuant to the assessment of the Company for the assessment year 2015-16, under Section 143(3) of the IT Act, The Deputy Commissioner of Income Tax, Corporate Circle, Chennai, ("**Deputy Commissioner**") by an order dated December 30, 2017 and a demand notice dated December 30, 2017, directed our Company to pay an amount aggregating ₹4,508 lakhs towards income tax. As per the assessment order, the net amount payable by our Company was ₹4,508 lakhs. The Deputy Commissioner computed the net amount payable by our Company taking into consideration the adjustment towards upfront recognition of excess interest spread income in case of securitisation of receivables, disallowing 100% depreciation claimed on temporary structures, disallowing depreciation at a lower rate of 10%, and computing the consequential interest imposed under Sections 234B and 234C of the IT Act. Against this order, our Company has filed an appeal before the Commissioner of Income Tax (Appeals) and the matter is currently pending.

4. Pursuant to the assessment of the Company for the assessment year 2014-15, under Section 143(3) of the IT Act, the Assistant Commissioner of Income Tax, Chennai, ("**Assistant Commissioner**") by an order dated December 31, 2016 and a demand notice dated December 31, 2016, directed our Company to pay an amount aggregating ₹4,165 lakhs towards income tax. As per the assessment order, the net amount payable by our Company was ₹4,164 lakhs. The Assistant Commissioner computed the net amount payable by our Company taking into consideration the adjustment towards upfront recognition of excess interest spread income in case of securitisation of receivables, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. Against this order, our Company has filed an appeal before the Commissioner of Income Tax (Appeals) and the matter is currently pending. The Assistant Commissioner by a reassessment order dated December 30, 2019, under Section 143(3) read with Section 147 of the IT Act, directed our Company to pay ₹773 lakhs towards income tax. The Assistant Commissioner computed the net amount payable by our Company by disallowing excess depreciation and foreign exchange loss. The matter is currently pending for appeal.

5. Pursuant to the assessment of the Company for the assessment year 2012-13, under Section 143(3) of the IT Act, the Deputy Commissioner of Income Tax, Chennai, ("**Deputy Commissioner**") by an order dated March 18, 2015 and a demand notice dated March 20, 2015, directed our Company to pay an amount aggregating ₹1,770 lakhs towards income tax. As per the assessment order, the net amount payable by our Company was ₹1,770 lakhs. Subsequently, an order was passed by the Deputy Commissioner pursuant to which the net amount payable by our Company towards income tax was computed to ₹2,278 lakhs. The Deputy Commissioner computed the net amount payable by our Company by *inter alia,* disallowing prepaid finance charges, amortization of premium on acquisition of government securities, depreciation on office machinery and recognition of income from assignment of receivables Against this order, our Company filed an appeal before the Commissioner of Income Tax (Appeals) and the matter is currently pending.

6. The Deputy Commissioner of Income Tax, Chennai ("**DCIT**"), pursuant to a demand notice dated March 29, 2016 ("**Demand Notice**"), alleged that a sum of ₹21,264 lakhs was payable by our Company in respect of the assessment year 2009-10. In its assessment order dated March 29, 2016 ("**Assessment Order**"), the DCIT alleged that the computation of book profits by our Company was not in accordance with the provisions of Section 115JB of the Income Tax Act, 1961, and that certain withdrawals made by our Company from its securities premium account were required to be treated as revenue receipts and taxed accordingly. Aggrieved by the Assessment Order, our Company filed an appeal before the Commissioner of Income Tax (Appeals) - I ("**CIT-Appeals**"), which was allowed by the CIT-Appeals, pursuant to an order dated June 19, 2017. Subsequently, the DCIT has filed an appeal before the Income Tax Appellate Tribunal, Chennai challenging the order passed by the CIT-Appeals. The matter is currently pending.

Service Tax

1. The Commissioner of Service tax, Chennai ("**Commissioner**") had issued a statement of demand no. 70/2013 dated April 8, 2013 to our Company, for the period between April 2011 to March 2012, on the grounds of non-payment of service tax under 'banking and other financial service' by our Company. Our Company through its letter dated May 6, 2013, responded to the Commissioner and prayed for the proceedings to be dropped. However, the Principal Commissioner by its order dated November 18, 2016, directed our Company to pay service tax of ₹593 lakhs with applicable interest and imposed additional penalty on our Company. Against such order, our Company filed an appeal on February 20, 2017 and the matter is currently pending.

2. The Principal Commissioner of CGST and Central Excise, Chennai ("**Principal Commissioner**") had issued a statement of demand no. 07/2018 dated April 3, 2018 to our Company, for the period between April 2015 to June 2017, on the grounds of non-payment of service tax on the delayed payment charges collected by the Company from its customers. Our Company through its letter dated May 4, 2018, responded to the Principal Commissioner and prayed for the proceedings to be dropped. However, the Principal Commissioner by its order dated September 14, 2018, directed our Company to pay service tax of ₹5,218 lakhs with applicable interest and imposed additional penalty on our Company. Against such order, our Company filed an appeal on November 26, 2018 and the matter is currently pending.

3. The Principal Commissioner of Service Tax, Service Tax-I Commissionerate, Chennai ("**Principal Commissioner**") had issued a show cause notice no. 108/2015 dated September 16, 2015 to our Company on the grounds that our Company had, allegedly, contravened certain provisions of the Finance Act, 1994 read with the Point of Taxation Rules, 2011, to the extent that our Company had not paid service tax, including short payment of service tax as per Rule 4(b)(iii) of Point of Taxation Rules, in the prescribed manner and at the appropriate time as prescribed. Our Company responded to the show cause notice through its letter dated November 12, 2015 and prayed for the proceedings initiated against it, to be dropped. However, the Principal Commissioner by its order dated September 8, 2016, directed our Company to pay service tax of ₹4,095 lakhs with applicable interest and imposed additional penalty on our Company. Against such order, our Company has filed an appeal on December 9, 2016 and the matter is currently pending.

4. The Commissioner of Service tax, Chennai ("**Commissioner**") had issued a statement of demand no. 53/2014 dated April 16, 2014 to our Company, for the period between April 2012 to June 2012, on the grounds of non-payment of

service tax under 'banking and other financial service' by our Company. Our Company through its letter dated May 12, 2014, responded to the Commissioner and prayed for the proceedings to be dropped. However, the Principal Commissioner by its order dated November 18, 2016, directed our Company to pay service tax of ₹133 lakhs and imposed additional penalties on our Company. Against such order, our Company filed an appeal on February 20, 2017 and the matter is currently pending.

5. The Commissioner of Service Tax, Chennai ("**Commissioner**") had issued a show cause notice no. 302/2011 dated September 2, 2011, to our Company on the grounds that our Company had, allegedly, contravened certain provisions of the Finance Act, 1994 read with the Cenvat Credit rules, 2004, to the extent that our Company had not paid service tax, in the prescribed manner and at the appropriate time as prescribed. Our Company responded to the show cause notice through its letter dated October 11, 2011 and prayed for the proceedings initiated against it, to be dropped. However, the Principal Commissioner by its order dated November 18, 2016, directed our Company to pay service tax of ₹913 lakhs and imposed additional penalties on our Company. Against such order, our Company has filed an appeal on February 20, 2017 and the matter is currently pending.

6. The Commissioner of Service Tax, Chennai ("**Commissioner**") had issued a show cause notice no. 634/2010 dated October 18, 2010, to our Company on the grounds that our Company had, allegedly, contravened certain provisions of the Finance Act, 1994 read with the Cenvat Credit rules, 2004, to the extent that our Company had not paid service tax, in the prescribed manner and at the appropriate time as prescribed. Our Company responded to the show cause notice through its letter dated November 18, 2010 and prayed for the proceedings initiated against it, to be dropped. However, the Principal Commissioner by its order dated November 18, 2016 directed our Company to pay service tax of ₹1,241 lakhs and imposed additional penalties on our Company. Against such order, our Company has filed an appeal on February 20, 2017 and the matter is currently pending.

7. The Commissioner of Service Tax, Chennai ("**Commissioner**") had issued a show cause notice no. 385/2010 dated July 26, 2010, to our Company on the grounds that our Company had, allegedly, contravened certain provisions of the Finance Act, 1994 read with the Cenvat Credit rules, 2004, to the extent that our Company had not paid service tax, in the prescribed manner and at the appropriate time as prescribed. Our Company responded to the show cause notice through its letter dated September 6, 2010 and prayed for the proceedings initiated against it, to be dropped. However, the Principal Commissioner by its order dated November 18, 2016, directed our Company to pay service tax of ₹1,507 lakhs and imposed additional penalties on our Company. Against such order, our Company has filed an appeal on February 20, 2017 and the matter is currently pending.

Material fraud committed against our Company in the last three years, and if so, the action taken by our Company

The Audit Committee of our Company monitors and reviews all the frauds involving an amount of ₹100 lakhs or more in accordance with the Master Directions – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016.

In the last three years, the acts of material frauds, i.e., the act of frauds involving an amount of ₹100 lakhs or more are as follows:

Sr. No.	Details of the Fraud	Amount involved	Action taken by our Company
1.	On the basis of requisite documents furnished by Rohit Bhuttan, a customer of our Company (the "**Customer**"), our Company had sanctioned a loan to the Customer. Post disbursal of the loan amount, the Customer failed to make due payments in respect of the loan. On verification, an auction notice published by another bank for sale of the property provided by the Customer to the Company as collateral for the loan sanctioned by the Company, was identified and it was found that the Customer had created multiple property documents in relation to the such property, and had fraudulently availed multiple loans on the same property, from other banks and finance companies.	243 lakhs	Our Company has filed a criminal complaint before the Deputy Commissioner of Police, Economic Offence Wing, Mandir Marg, New Delhi. The fraud was reported to the RBI on April 2, 2018. An amount aggregating ₹20,00,000 has been recovered.
2.	On the basis of requisite documents furnished by Abhishek Goyal, a customer of our Company (the "**Customer**"), our Company had sanctioned a loan to the Customer. Post disbursal of the loan amount, the Customer failed to make due payments in respect of the loan. On verification of property documents, it was found that the sale deed furnished by the Customer was not genuine and was forged by the Customer for the purposes of obtaining loan.	524 lakhs	Our Company is in the process of filing a police complaint in respect of this case. The fraud was reported to the RBI on May 8, 2018.

Sr. No.	Details of the Fraud	Amount involved	Action taken by our Company
3.	On the basis of requisite documents furnished by Sandeep Goswami, a customer of our Company (the "**Customer**"), our Company had sanctioned a loan to the Customer. Post disbursal of the loan amount, the Customer failed to make due payments in respect of the loan. On verification, possession notices of other banks in respect of the property provided by the Customer to the Company as collateral for the loan sanctioned by the Company, was identified and it was found that the property was sealed by multiple banks, that the Customer had created multiple property documents in relation to the such property, and that the Customer had fraudulently availed multiple loans on the same property, from other banks and finance companies.	212 lakhs	Our Company has filed a criminal complaint before the Deputy Commissioner of Police, Economic Offence Wing, Mandir Marg, New Delhi. The fraud was reported to the RBI on May 8, 2018.
4.	On the basis of requisite documents furnished by Inderjeet Singh Narang, a customer of our Company (the "**Customer**"), our Company had sanctioned a loan to the Customer. Post disbursal of the loan amount, the Customer failed to make due payments in respect of the loan. On verification, it was found that the Customer had created multiple property documents in relation to the property provided by the Customer to the Company as collateral for the loan sanctioned by the Company, and had fraudulently availed multiple loans on the same property, from other banks and finance companies.	485 lakhs	Our Company is in the process of filing a police complaint in respect of this case. The fraud was reported to RBI on May 8, 2018. An amount aggregating ₹3,60,00,000 has been recovered.
5.	On the basis of requisite documents furnished by Sandeep Goswami, a customer of our Company (the "**Customer**"), our Company had sanctioned a loan to the Customer. Post disbursal of the loan amount, the Customer failed to make due payments in respect of the loan. On verification, possession notices of other banks in respect of the property provided by the Customer to the Company as collateral for the loan sanctioned by the Company, was identified and it was found that the property was sealed by multiple banks, that the Customer had created multiple property documents in relation to the such property, and that the Customer had fraudulently availed multiple loans on the same property, from other banks and finance companies.	282 lakhs	Our Company has filed a criminal complaint before the Deputy Commissioner of Police, Economic Offence Wing, Mandir Marg, New Delhi. The fraud was reported to the RBI on June 19, 2018.
6.	On the basis of requisite documents furnished by Toshar Aneja, a customer of our Company (the "**Customer**"), our Company had sanctioned a loan to the Customer. Post disbursal of the loan amount, the Customer failed to make due payments in respect of the loan. On verification, it was found that the Customer had created multiple property documents in relation to the property provided by the Customer to the Company as collateral for the loan sanctioned by the Company, and had fraudulently availed multiple loans on the same property, from other banks and finance companies.	362 lakhs	Our Company is in the process of filing a police complaint in respect of this case. The fraud was reported to the RBI on December 20, 2019.

Litigation by our Company

A. *Criminal Litigation by our Company*

As on the date of this Preliminary Placement Document, the following are the outstanding criminal cases filed by our Company in respect of each of its verticals.

1. In respect of the vehicle finance business of the Company, as of the date of this Preliminary Placement Document, there are (i) 36,559 cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881; (ii) 3,951 criminal cases in the nature of criminal complaints filed by the Company for cheating/secretion of vehicle; (iii) and 238 criminal petitions filed by the Company in relation to return of the property financed by the Company.

2. In respect of the home loans business of the Company, as of the date of this Preliminary Placement Document, there are (i) 287 cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881; and (ii) 12 criminal cases in the nature of impersonation, multiple funding, unauthorized sale of property, etc.

3. In respect of the home equity business of the Company, as of the date of this Preliminary Placement Document, there are 321 cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881 and Section 25 of the Payment and Settlement Act, 2007.

B. *Civil Litigation by our Company*

Except as disclosed below, as of the date of this Preliminary Placement Document, there are no material outstanding civil litigation instituted by our Company which involve a monetary liability of ₹1,823 lakhs or more, nor any outstanding litigation wherein monetary liability is not quantifiable, whose outcome has a material bearing on the business, operations, performance, prospects or reputation of the Company.

1. Our Company has filed statement of claim dated April 15, 2016 before the Sole Arbitrator Inbavijayan, and an amended statement of claim dated December 30, 2019, before the Sole Arbitrator D. Sreenivasan under the provisions of the Arbitration and Conciliation Act, 1996, against five borrowers of our Company ("**Respondents**") for recovery of amounts aggregating ₹3,293 lakhs due to the Company from the Respondents in respect of the loan of against shares granted to the Respondents amounting to ₹3,600 lakhs. The matter is currently pending.

II. *Litigation involving our Subsidiaries*

Litigation against our Subsidiaries

A. Criminal Litigation against our Subsidiaries

As on the date of this Preliminary Placement Document, there are two criminal cases filed by the customers of Cholamandalam Securities Limited ("**CSL**"), one of our Subsidiaries, against CSL, in the ordinary course of business of CSL, on the grounds that the customers of CSL allegedly suffered huge losses owing to unauthorized trading of shares by CSL and misguiding the customers by presenting forged holding statements to them, by CSL. These matters are currently pending.

B. Actions Taken by Regulatory and Statutory Authorities against our Subsidiaries

(i) The NSE vide its letter dated December 19, 2018 had imposed a monetary penalty of ₹1,24,000 for collection of processing charges from the clients for sending physical contract note, and non-updation of email and mobile number of the clients which were observed during their annual inspection for the year 2017; and

(ii) The NSE vide its letter dated September 27, 2019 had imposed a monetary penalty of ₹68,000 for non-updation of email and mobile number of the clients which were observed during their annual inspection for the year 2018.

CSL has filed applications before the NSE for review of the aforesaid penalties, and the same are pending with NSE.

III. *Litigation involving our Directors*

A. *Criminal Litigation against our Directors*

Except as mentioned below, as of the date of this Preliminary Placement Document, there are no criminal litigation instituted against any of our Directors.

1. A criminal complaint no.1540 of 2019, dated September 22, 2019, has been filed at the Tallakulam Police Station under Section 406 and 420 of the IPC against certain persons including our director, Ramesh Rajan, in his capacity as the trustee of the Thamizhavel P.T. Rajan Commemoration Trust which runs a community hall in Madurai, before the Tallakulam Police Station, Madurai on the grounds that another trustee managing the hall who caused the complainant to make a second payment of ₹2,50,000 towards booking of the community hall, by cheque (as the initial payment in cash alleged to have been paid by the complainant to an employee of the trust was misappropriated and not accounted in the books of the trust) was nominated by Ramesh Rajan thereby committing the offenses of cheating and criminal breach of trust under the IPC. Our director, Ramesh Rajan filed a criminal petition before the Madurai Bench of the High Court of Madras praying that the complaint be quashed. Subsequently, the High Court of Madras, by its order dated November 22, 2019, granted an interim stay of all further proceedings in Cr.No.1540 of 2019, pending final disposal of the matter before the Madurai Bench of the High Court of Madras. The matter is currently pending.

B. *Actions Taken by Regulatory and Statutory Authorities against our Directors*

1. A complaint bearing reference number T-3/Misc/9/Kol/2016/AD(TB), dated July 16, 2018 was filed by the Enforcement Directorate ("**ED**") against PricewaterhouseCoopers Private Limited ("**PWC**") and certain employees, directors and ex-directors of PWC, including our director, Ramesh Rajan (the "**Noticees**"), who was the Chairman of

PWC from June 27, 2007 to February 25, 2010. Pursuant to the complaint, the ED, under Sections 6(2), 6(3), 10(6) and 42 of FEMA levelled allegations against Ramesh Rajan. Further, the special director, ED ("**Adjudicating Authority**"), issued a show cause notice bearing reference number T-4/07/FEMA/Kol/SCN/2018-19/SD(ER)/1419, dated July 16, 2018 to the Noticees which was responded to by the Noticees through various letters stating that there is no contravention by them, as alleged. However, the Adjudicating Authority, by its order dated September 11, 2019 held the Noticees liable for contravention of FEMA and imposed a penalty on the Noticees including a penalty of ₹5,00,000 on our director, Ramesh Rajan. Against such order, Ramesh Rajan has filed an appeal before the Appellate Tribunal for Foreign Exchange and the matter is currently pending.

OUR STATUTORY AUDITORS

S. R. Batliboi & Associates LLP, Chartered Accountants, our Statutory Auditor as required by the Companies Act, have been appointed pursuant to our Shareholders' approval at the annual general meeting held on July 27, 2017, for a period of five years.

Our standalone and consolidated financial statements for Fiscal 2018 and Fiscal 2019 and interim standalone and consolidated financial statements for the six months ended September 30, 2019, as included in this Preliminary Placement Document, have been audited by S.R. Batliboi & Associates LLP, Chartered Accountants, our current statutory auditor. Further, our unaudited interim standalone and consolidated financial statements for the six months ended September 30, 2018 and our unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 and 2018, as included in this Preliminary Placement Document, have also been subjected to a limited review by S.R. Batliboi & Associates LLP, Chartered Accountants.

Deloitte Haskins & Sells, Chartered Accountants, our previous statutory auditor, have audited the standalone and consolidated financial statements for Fiscal 2017, and such standalone and consolidated financial statements for Fiscal 2017 along with their audit reports on those financial statements are included in this Preliminary Placement Document in "*Financial Statements*" on page 241.

GENERAL INFORMATION

- Our Company was incorporated on August 17, 1978 under the Companies Act, 1956 as Cholamandalam Investment and Finance Company Limited. We first received a license to carry on the business of non-banking financial institution from the RBI on August 21, 1998, pursuant to a certificate of registration bearing no. 07.00306 ("**COR1**"). Subsequently, we received the licence to carry on the business of non-banking financial institution pursuant to RBI letters dated April 24, 2006 bearing registration numbers A-07.00306 ("**COR2**) in lieu of COR1, certificate of registration to carry on business of non-banking financial institution without accepting public deposits dated December 11, 2006 bearing registration number B.07-00306 ("**COR3**") in lieu of COR2, and certificate of registration to carry on the business of non-banking financial institution without accepting public deposits dated July 8, 2010 bearing registration no. B-07-00306 ("**COR4**") in lieu of COR3. We received a licence to carry on business of a non-banking financial institution in India from the RBI on June 9, 2011, pursuant to certificate of registration bearing number 07-00306, in lieu of COR4. Our Registered Office is located at Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India.

- Our Equity Shares were listed on the BSE on September 24, 1991 and on the NSE on May 15, 1996.

- The Issue was authorised and approved by our Board, through its resolution dated December 12, 2019 and our Shareholders through special resolution dated January 13, 2020, passed by way of postal ballot.

  Our Company has received in-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, for listing of the Equity Shares to be issued pursuant to the Issue from BSE and NSE, both dated January 27, 2020.

- Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 4:00 pm on any weekday (except Saturdays and public holidays) at our Registered Office. There has been no material change in our financial or trading position since December 31, 2019, the reviewed Ind AS unaudited standalone interim financial results included in this Preliminary Placement Document, except as disclosed herein.

- Our Company's statutory auditors are S.R. Batliboi & Associates LLP. They were appointed by the members of our Company at the AGM on July 27, 2017 for a period of five years. S.R. Batliboi & Associates LLP have audited the Audited Consolidated Financial Statements for the year ended March 31, 2019 and 2018 and Deloitte Haskins & Sells, Chartered Accountants, our previous statutory auditor, have audited the audited consolidated financial statements for the year ended March 31, 2017. Further, S.R. Batliboi & Associates LLP have performed limited review and issued a review report dated January 23, 2020, on the interim standalone and consolidated financial results which are included in the section "*Financial Statements*" on page 241.

- Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR.

- The Floor Price is ₹322.59 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI Regulations. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of our Shareholders accorded through their resolution passed by way of postal ballot on January 13, 2020 and in terms of Regulation 176(1) of the SEBI Regulations.

- The details of our Company Secretary and Compliance Office, P. Sujatha are as follows:

  Dare House, No. 2, N.S.C. Bose Road
  Parrys, Chennai 600 001
  Tamil Nadu, India
  Tel: +91 44 4090 7172
  Fax: +91 44 2534 6464
  E-mail: investors@chola.murugappa.com

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Board of Directors
Cholamandalam Investment and Finance Company Limited
No.2, 'Dare House',
N.S.C Bose Road, Chennai

Dear Sirs,

Statement of Possible Tax Benefits available to Cholamandalam Investment and Finance Company Limited and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed statement of possible special tax benefits available to the Company and its shareholders under the applicable laws in India – Income Tax Act, 1961 in Annexure-I and the statement of possible tax benefits available to the Company and its shareholders under the applicable Laws in India – Others (collectively, "the enclosed statement), prepared by Cholamandalam Investment and Finance Company Limited (the "**Company**"), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961, Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively "the Acts") as amended from time to time, i.e. applicable for the financial year 2019-20 relevant to the assessment year 2020-21, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Acts. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. We do not express any opinion or provide any assurance as to whether:

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

This report is intended solely for inclusion in the Preliminary Placement Document and the Placement Document, being prepared in connection with the qualified institutions placement of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose.

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

per Subramanian Suresh
Partner
Membership No. 083673
Place: Chennai
Date: January 27, 2020

ANNEXURE 1

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – INCOME-TAX ACT, 1961

Outlined below are the possible special tax benefits available to Cholamandalam Investment and Finance Company Limited (the "Company") and its Shareholders under the Income-tax Act, 1961 (the "Act") as amended from time to time, i.e. applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21, presently in force in India.

I. Possible Special tax benefits available to the Company

1. As per the provisions of Section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

2. The Company, being a Non-Banking Financial Company (NBFC), is entitled for accelerated deduction of bad and doubtful debts in terms of provision for bad and doubtful debts up to a specified limited under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession". The said deduction, which represents a timing difference for tax purposes, is available to the extent of five per cent (5%) of the gross total income, computed before considering any deduction under the aforesaid section and Chapter VI-A of the Act, subject to satisfaction of prescribed conditions.

However, subsequent claim of deduction of actual bad debts under section 36(1)(vii) shall be reduced to the extent of deduction already allowed under section 36(1)(viia) of the Act.

3. The Company, being a non-deposit taking systemically important NBFC, is entitled to the benefit of offering to tax the interest income on bad and doubtful loans, which are not credited to profit and loss account of that year, on realisation basis as per section 43D of Act. Such benefit is available in respect of certain categories of bad and doubtful loans as may be prescribed.

II. Possible Special tax benefits available to the Shareholders of the Company

There are no possible special tax benefits available to the Shareholders of the Company for investing in the shares of the Company.

Notes:

1. This Annexure sets out only the possible special tax benefits available to the Company and the shareholders under the current Income-tax Act, 1961 (i.e. the Act as amended by the Finance Act 2019) and Taxation Laws (Amendment) Ordinance 2019, presently in force in India.

2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. This Annexure is as per the current direct tax laws relevant for the assessment year 2020-2021. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

4. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed issue.

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

6. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – CENTRAL GOODS AND SERVICES TAX ACT, 2017 / THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017, THE CUSTOMS ACT, 1962 AND THE CUSTOMS TARIFF ACT, 1975

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2019, i.e., applicable for the Financial Year 2019-20, presently in force in India.

I. Possible Special tax benefits available to the Company

No possible special tax benefits available to the Company.

II. Possible Special tax benefits available to the Shareholders of the Company

There are no possible special indirect tax benefits available to the shareholders of the Company.

Notes:

1. This Annexure sets out the only the possible special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2019, i.e., applicable for the Financial Year 2019-20, presently in force in India.

2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed issue.

3. Our comments are based on our understanding of the specific activities carried out by the Company from April 1, 2019 till the date of this Annexure as per the information provided to us. Any variation in the understanding could require our comments to be suitably modified.

4. We have been given to understand that during the period from April 1, 2019 to the date of this Annexure, the Company has:

   i. not availed any exemption or benefits or incentives under indirect tax laws;

   ii. not exported any goods or services outside India;

   iii. not imported any goods or services from outside India;

   iv. not made any fresh investment in any State of the country and has not claimed any incentive under any State Incentive Policy.

5. This annexure covers only indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

6. These comments are based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

FINANCIAL STATEMENTS

LIMITED REVIEW FINANCIAL RESULTS FOR PERIOD ENDED DECEMBER 2019

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Ind AS Financial Results of the Cholamandalam Investment and Finance Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Cholamandalam Investment and Finance Company Limited

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Cholamandalam Investment and Finance Company Limited (the "Company") for the quarter ended December 31, 2019 and year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Subramanian Suresh
Partner
Membership No.: 083673
UDIN: 20083673AAAAAB7500
Place: Chennai
Date: January 23, 2020

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Ind AS Financial Results of the Cholamandalam Investment and Finance Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Cholamandalam Investment and Finance Company Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Ind AS Financial Results of Cholamandalam Investment and Finance Company Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of the net profit after tax of its associate, for the quarter ended December 31, 2019 and its share of the net loss after tax of its associate for the year to date from April 1, 2019 to December 31, 2019 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended December 31, 2018, and the year to date then ended, as reported in these unaudited consolidated financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:
   a. Cholamandalam Securities Limited – Subsidiary
   b. Cholamandalam Home Finance Limited – Subsidiary
   c. White Data Systems India Private Limited - Associate

5. Based on our review conducted and procedures performed as stated in Paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance

with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The Statement also includes the Group's share of net profit after tax of Rs. 1 lakh and net loss after tax of Rs 28 lakhs for the quarter ended December 31, 2019 and for the period from April 1, 2019 to December 31, 2019 respectively, as considered in the Statement, in respect of one associate, based on its financial results, which has not been reviewed. The unaudited financial results and other unaudited financial information has been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of the associate, is based solely on such unaudited financial results and other unaudited financial information. According to the information and explanations given to us by the management, these financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Subramanian Suresh
Partner
Membership No.: 083673
UDIN: 20083673AAAAAC2376
Place: Chennai
Date: January 23, 2020

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
CIN - L65993TN1978PLC007576
Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.
Statement of Standalone Financial Results for the three months and nine months ended December 31, 2019

₹ lakhs

		Three months ended			Nine Months ended		Year ended
		31.12.2019 Unaudited	30.09.2019 Audited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
		1	2	3	4	5	6
1.	Revenue from operations						
	-Interest Income	2,11,769	2,04,118	1,71,385	6,06,986	4,79,547	6,56,526
	-Net gain on derecognition of financial Instruments under amortised cost category	8,248	8,446	3,102	21,416	7,390	8,670
	-Fee Income	5,261	5,079	4,719	15,117	13,163	18,631
	-Net gain on fair value change on financial instruments	280	188	1,419	986	3,582	6,328
	-Sale of Services	1,928	1,865	1,987	5,625	7,007	9,042
	Total	2,27,486	2,19,696	1,82,612	6,50,130	5,10,689	6,99,197
2.	Other income	4	5	11	14	41	67
3.	Total Income (1+2)	2,27,490	2,19,701	1,82,623	6,50,144	5,10,730	6,99,264
4.	Expenses						
	a) Finance costs	1,19,241	1,17,693	95,079	3,45,634	2,60,233	3,58,874
	b) Impairment on financial instruments	13,597	9,517	9,612	34,065	25,563	31,120
	c) Employees benefits expense	17,710	17,213	14,166	49,505	41,718	59,058
	d) Depreciation and amortisation expense	3,138	2,623	1,507	8,090	4,049	5,548
	e) Other expenditure	21,594	20,325	15,909	60,009	42,987	62,349
	Total expenses (4)	1,75,280	1,67,371	1,36,273	4,97,303	3,74,550	5,16,949
5.	Profit before tax (3-4)	52,210	52,330	46,350	1,52,841	1,36,180	1,82,315
6.	Tax expense						
	a) Current tax	14,300	10,231	17,395	43,194	51,108	73,049
	b) Deferred tax	(941)	11,402	(1,482)	8,676	(4,357)	(9,349)
	Total Tax expense	13,359	21,633	15,913	51,870	46,751	63,700
7.	Profit for the period (5-6)	38,851	30,697	30,437	1,00,971	89,429	1,18,615
8.	Other Comprehensive Income						
	a. (i) Items that will not be reclassified to Profit or Loss	36	(247)	(120)	(350)	(441)	(678)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	(9)	48	40	88	150	237
	b. (i) Items that will be reclassified to Profit or Loss	2,262	(3,668)	(372)	(2,285)	2,492	1,306
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	(569)	1,881	129	1,512	(751)	(456)
9.	Total Comprehensive Income for the period (7+8)	40,571	28,711	30,114	99,936	90,879	1,19,024
10.	Paid-up equity share capital (` ₹2/- per share)	15,645	15,644	15,642	15,645	15,642	15,643
11.	Earnings per Share (EPS) - not annualised (₹`)						
	a) Basic	4.97	3.93	3.89	12.91	11.44	15.17
	b) Diluted	4.96	3.92	3.89	12.90	11.43	15.16

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
CIN - L65993TN1978PLC007576
Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.

Statement of Consolidated Financial Results for the three months and nine months ended December 31, 2019

₹ lakhs

		Three months ended			Nine months ended		Year ended
		31.12.2019 Unaudited	30.09.2019 Audited	31.12.2018 Unaudited (Refer Note 3)	31.12.2019 Unaudited	31.12.2018 Unaudited (Refer Note 3)	31.03.2019 Audited
		1	2	3	4	5	6
1.	Revenue from operations						
	-Interest Income	2,11,739	2,04,204	1,71,382	6,07,052	4,79,609	6,56,596
	-Net gain on derecognition of financial Instruments under amortised cost category	8,248	8,446	3,102	21,416	7,390	8,670
	-Fee & Commission Income	6,711	6,523	6,308	19,573	17,550	24,727
	-Net gain on fair value change on financial instruments	281	189	1,352	991	3,589	6,334
	-Sale of Services	1,927	1,865	1,884	5,624	10,400	12,435
	Total	2,28,906	2,21,227	1,84,028	6,54,656	5,18,538	7,08,762
2.	Other income	24	21	2,030	50	2,089	2,121
3.	Total Income (1+2)	2,28,930	2,21,248	1,86,058	6,54,706	5,20,627	7,10,883
4.	Expenses						
	a) Finance costs	1,19,180	1,17,760	95,025	3,45,624	2,60,201	3,58,814
	b) Impairment on financial instruments	13,596	9,516	9,614	34,065	25,572	31,134
	c) Employees benefits expense	18,886	18,365	15,440	53,018	45,556	60,468
	d) Depreciation and amortisation expense	3,231	2,703	1,526	8,346	4,143	5,699
	e) Other expenditure	21,748	20,576	16,614	60,569	48,489	71,615
	Total expenses (4)	1,76,641	1,68,920	1,38,219	5,01,622	3,83,961	5,27,730
5.	Profit before share of profit/(loss) from associate (3-4)	52,289	52,328	47,839	1,53,084	1,36,666	1,83,153
6.	Share of profit/(loss) from Associate (net of tax)	1	(27)	(23)	(28)	(23)	(35)
7.	Profit before Tax (5+6)	52,290	52,301	47,816	1,53,056	1,36,643	1,83,118
8.	Tax expense						
	a) Current tax	14,314	10,194	17,384	43,240	51,177	73,128
	b) Deferred tax	(940)	11,413	(1,484)	8,689	(4,386)	(9,669)
	Total Tax expense	13,374	21,607	15,900	51,929	46,791	63,459
9.	Profit after tax (7-8)	38,916	30,694	31,916	1,01,127	89,852	1,19,659
	Profit for the period attributable to:						
	- Owners of the Company	38,916	30,694	31,916	1,01,127	89,999	1,19,806
	- Non controlling interest	-	-	-	-	(147)	(147)
10.	Other Comprehensive Income						
	a. (i) Items that will not be reclassified to Profit or Loss	(61)	(401)	(407)	(787)	(1,056)	(1,325)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	1	47	41	104	152	245
	b. (i) Items that will be reclassified to Profit or Loss	2,262	(3,668)	(372)	(2,285)	2,492	1,306
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	(569)	1,881	126	1,512	(754)	(437)
11.	Other Comprehensive Income for the period	1,633	(2,141)	(612)	(1,456)	834	(211)
	Other Comprehensive Income attributable to:						
	- Owners of the Company	1,633	(2,141)	(612)	(1,456)	834	(211)
	- Non controlling interest	-	-	-		-	-
12.	Total Comprehensive Income for the period (9+11)	40,549	28,553	31,304	99,671	90,686	1,19,448
	Total Comprehensive Income attributable to:						
	- Owners of the Company	40,549	28,553	31,304	99,671	90,833	1,19,595
	- Non controlling interest	-	-	-	-	(147)	(147)
13.	Paid-up equity share capital (` ₹2/- per share)	15,645	15,644	15,642	15,645	15,642	15,643
14.	Earnings per Share (EPS) - not annualised (₹`)						
	a) Basic	4.98	3.93	4.08	12.93	11.49	15.31
	b) Diluted	4.97	3.92	4.08	12.92	11.48	15.30

Notes

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 23, 2020.
2. In Compliance with Regulation 33 of Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, a limited review of financial results for the quarter ended and nine months period ended December 31, 2019 has been carried out by Statutory Auditors
3. As permitted under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had opted to submit only the quarterly and year-to-date standalone financial results to the Stock Exchanges in respect of Financial Year 2018-19. Hence the quarterly and year-to-date comparative numbers in the consolidated financial results for the Financial Year 2019-20 have been prepared and certified by the Management and have not been subject to limited review by the Statutory Auditors.
4. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" ('Standard'), applied to all lease contracts existing on April 1, 2019 using the modified retrospective method wherein the right to use asset was created for an amount equal to the lease liability. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The effect of this adoption is insignificant on the profit for the period and earnings per share.
5. The consolidated financial results of the Company comprising the Company, its subsidiaries (together 'the Group'), and its Associate, include the results of the following entities:
   i) Cholamandalam Securities Limited - Subsidiary
   ii) Cholamandalam Home Finance Limited - Subsidiary
   iii) White Data Systems India Private Limited - Subsidiary upto Sep' 2018 & Associate thereafter
6. The shareholders of the Company have approved the sub-division of equity shares of the Company, all the authorised, issued, subscribed and paid up equity shares of face value of Rs. 10/- each into 5 equity shares of face value of Rs. 2/- each fully paid up on June 3, 2019. Accordingly, Earnings per Share has been re-stated for all the periods.
7. Pursuant to the Taxation Laws (Amendment) Ordinance 2019, promulgated on 20th September 2019, the Company had exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 in the quarter ended September 30, 2019,to compute income tax at revised rate (i.e.25.17%) from current financial year and accordingly, had re-measured current/deferred tax. The consequential effect of net tax expense of Rs. 8,021 lakhs was fully recognized in the quarter ended September 30, 2019 which includes a charge of Rs. 12,673 lakhs towards remeasurement of deferred tax asset as at April 1, 2019.
8. 25,400 options were exercised during the three months ended December 31, 2019. The total outstanding employee stock options as at December 31, 2019 is 43,56,537.
9. The listed Non - Convertible Debentures of the Company aggregating to Rs. 6,061.40 crores as on December 31, 2019 are secured by way of an exclusive charge on identified standard receivables of the Company and also by a subservient charge over certain immovable properties. The total asset cover is above hundred percent of the principal amount of the said debentures.
10. The Segment Reporting is given in Appendix 1 for Standalone Financial Results and in Appendix 2 for Consolidated Financial Results.
11. Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation.

On behalf of the **Board of Directors**

Place : Chennai
Date : January 23, 2020

Arun Alagappan
Managing Director

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CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
CIN - L65993TN1978PLC007576
Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.

Appendix 1

Segment wise Revenue, Results and Capital Employed for standalone financial results under Regulation 33 of Listing Regulations, 2015

₹' lakhs

Particulars	Standalone					
	Three months ended			Nine months ended		Year ended
	31.12.2019 Unaudited	30.09.2019 Audited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
	1	2	3	4	5	6
1. Segment Revenue						
Vehicle Finance	1,70,226	1,66,595	1,39,507	4,92,944	3,94,347	5,42,981
Home Equity	37,476	32,156	32,452	1,01,468	90,365	1,19,039
Others	10,754	11,879	5,612	33,152	15,790	22,236
Unallocable revenue	9,034	9,071	5,052	22,580	10,228	15,008
Total	**2,27,490**	**2,19,701**	**1,82,623**	**6,50,144**	**5,10,730**	**6,99,264**
Less: Inter-Segment revenue	-	-	-	-	-	-
Net Revenue	**2,27,490**	**2,19,701**	**1,82,623**	**6,50,144**	**5,10,730**	**6,99,264**
2. Segment Results (Profit before tax)						
Vehicle Finance	33,078	34,776	30,849	99,736	90,587	1,26,916
Home Equity	13,552	9,508	10,680	32,355	30,338	37,672
Others	3,836	5,605	950	13,586	1,335	538
Unallocable	1,744	2,441	3,871	7,164	13,920	17,189
Total	**52,210**	**52,330**	**46,350**	**1,52,841**	**1,36,180**	**1,82,315**
3. Segment Assets						
Vehicle Finance	43,10,948	43,07,127	37,50,829	43,10,948	37,50,829	40,58,768
Home Equity	10,43,944	10,33,054	9,71,799	10,43,944	9,71,799	9,95,439
Others	2,47,676	2,28,938	1,73,598	2,47,676	1,73,598	2,06,525
Other Unallocable assets	6,85,275	7,76,546	4,77,417	6,85,275	4,77,417	4,81,898
Total	**62,87,843**	**63,45,665**	**53,73,643**	**62,87,843**	**53,73,643**	**57,42,630**
4. Segment Liabilities						
Vehicle Finance	38,27,363	38,49,742	33,33,113	38,27,363	33,33,113	36,70,570
Home Equity	9,26,839	9,23,351	8,63,573	9,26,839	8,63,573	9,00,231
Others	2,19,893	2,04,627	1,54,265	2,19,893	1,54,265	1,86,772
Other Unallocable liabilities	6,08,404	6,94,083	4,24,249	6,08,404	4,24,249	3,67,483
Total	**55,82,499**	**56,71,803**	**47,75,200**	**55,82,499**	**47,75,200**	**51,25,056**
5. Capital Employed (Segment Assets - Segment Liabilities)						
Vehicle Finance	4,83,585	4,57,384	4,17,716	4,83,585	4,17,716	3,88,198
Home Equity	1,17,105	1,09,703	1,08,226	1,17,105	1,08,226	95,208
Others	27,783	24,311	19,333	27,783	19,333	19,753
Other Unallocable assets minus liabilities	76,871	82,463	53,168	76,871	53,168	1,14,415
Total	**7,05,344**	**6,73,861**	**5,98,443**	**7,05,344**	**5,98,443**	**6,17,574**

Note:

1. The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the 'Chief Operating Decision Maker' as defined in Ind AS 108 -'Operating Segments'

2. In computing the segment information, certain estimates and assumptions have been made by the management, which have been relied upon by the Statutory Auditor.

3. Segment information for the previous periods has been restated/regrouped/re-classified wherever necessary, to conform to the current period presentation.

On behalf of the **Board of Directors**

Arun Alagappan
Managing Director

Place : Chennai
Date : January 23, 2020

visit us at www.cholamandalam.com

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
CIN - L65993TN1978PLC007576
Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.

Appendix 2

Segment wise Revenue, Results and Capital Employed for consolidated financial results under Regulation 33 of Listing Regulations. 2015

₹' lakhs

	Three months ended			Nine months ended		Year ended
	31.12.2019 Unaudited	30.09.2019 Audited	31.12.2018 Unaudited	31.12.2019 Unaudited	31.12.2018 Unaudited	31.03.2019 Audited
1. Segment Revenue						
Vehicle Finance	1,70,226	1,66,595	1,39,507	4,92,944	3,94,347	5,42,981
Home Equity	37,476	32,156	32,452	1,01,468	90,365	1,19,039
Others	12,194	13,426	9,047	37,714	25,687	33,855
Unallocable revenue	9,034	9,071	5,052	22,580	10,228	15,008
Total	**2,28,930**	**2,21,248**	**1,86,058**	**6,54,706**	**5,20,627**	**7,10,883**
Less: Inter-Segment revenue	-	-	-	-	-	-
Net Revenue	**2,28,930**	**2,21,248**	**1,86,058**	**6,54,706**	**5,20,627**	**7,10,883**
2. Segment Results (Profit before tax)						
Vehicle Finance	33,078	34,776	30,849	99,736	90,587	1,26,916
Home Equity	13,552	9,508	10,680	32,355	30,338	37,672
Others	3,916	5,576	2,416	13,801	1,798	1,341
Unallocable	1,744	2,441	3,871	7,164	13,920	17,189
Total	**52,290**	**52,301**	**47,816**	**1,53,056**	**1,36,643**	**1,83,118**
3. Segment Assets						
Vehicle Finance	43,10,948	43,07,127	37,50,829	43,10,948	37,50,829	40,58,768
Home Equity	10,43,944	10,33,054	9,71,799	10,43,944	9,71,799	9,95,439
Others	2,53,628	2,35,682	1,78,669	2,53,628	1,78,669	2,12,907
Other Unallocable assets	6,85,275	7,76,546	4,77,417	6,85,275	4,77,417	4,81,898
Total	**62,93,795**	**63,52,409**	**53,78,714**	**62,93,795**	**53,78,714**	**57,49,012**
4. Segment Liabilities						
Vehicle Finance	38,27,363	38,49,742	33,33,113	38,27,363	33,33,113	36,70,570
Home Equity	9,26,839	9,23,351	8,63,573	9,26,839	8,63,573	9,00,231
Others	2,22,811	2,08,319	1,56,654	2,22,811	1,56,654	1,89,857
Other Unallocable liabilities	6,08,404	6,94,083	4,24,249	6,08,404	4,24,249	3,67,483
Total	**55,85,417**	**56,75,495**	**47,77,589**	**55,85,417**	**47,77,589**	**51,28,141**
5. Capital Employed (Segment Assets - Segment Liabilities)						
Vehicle Finance	4,83,585	4,57,384	4,17,716	4,83,585	4,17,716	3,88,198
Home Equity	1,17,105	1,09,703	1,08,226	1,17,105	1,08,226	95,208
Others	30,817	27,364	22,015	30,817	22,015	23,050
Other Unallocable assets minus liabilities	76,871	82,463	53,168	76,871	53,168	1,14,415
Total	**7,08,378**	**6,76,914**	**6,01,125**	**7,08,378**	**6,01,125**	**6,20,871**

Note:

1. The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the 'Chief Operating Decision Maker' as defined in Ind AS 108 'Operating Segments'

2. In computing the segment information, certain estimates and assumptions have been made by the management, which have been relied upon by the Statutory Auditor.

3. Segment information for the previous periods has been restated/regrouped/re-classified wherever necessary, to conform to the current period presentation.

On behalf of the **Board of Directors**

Arun Alagappan
Managing Director

Place : Chennai
Date : January 23, 2020

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INTERIM AUDITED
STANDALONE AND CONSOLIDATED
FINANCIAL STATEMENTS
SEPTEMBER 2019

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of Cholamandalam Investment and Finance Company Limited

Opinion

We have audited the accompanying Interim Standalone Ind AS financial statements of Cholamandalam Investment and Finance Company Limited (“the Company”), which comprise the Interim Standalone Balance Sheet as at September 30, 2019, and the Interim Standalone Statement of Profit and Loss, including other comprehensive income, Interim Standalone Cash Flow Statement and the Interim Standalone Statement of Changes in Equity for the period then ended, and notes to the Interim 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 Interim Standalone Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under Section 133 of the Companies Act, 2013 (“the Act”), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the Interim Standalone Balance Sheet, of the state of affairs of the Company as at September 30, 2019;

(b) in the case of the Interim Standalone Statement of Profit and Loss, its profit including other comprehensive income, for the six-month period ended on that date;

(c) in the case of the Interim Standalone Cash Flow Statement, of the cash flows for the six-month period ended on that date; and

(d) in the case of the Interim Standalone Statement of Changes in Equity, of the changes in equity for the six-month period ended on that date.

Basis for Opinion

We conducted our audit of the Interim 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 Interim 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 Companies Act, 2013 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 opinion on the Interim Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Interim standalone Ind AS Financial Statements for the six-months ended September 30, 2019. These matters were addressed in the context of our audit of the Interim 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 Interim 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 Interim 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 Interim 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 9.1 of the Interim Standalone Ind AS Financial Statements)*	
Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Company based on the principles prescribed under Ind AS 109- Financial Instruments. As explained in Interim Standalone Ind AS Financial Statements, impairment provision based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include: (a) Segmentation of the loan portfolio into homogenous pool of borrowers; (b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired; (c) Determination of the 12 month and life-time probability of default for each of the segments identified; and (d) Loss given default for various exposures based on past trends / experience, management estimates etc., Note 9.1 to the Interim Standalone Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model. As at September 30, 2019, the Company has made a provision for impairment loss aggregating to Rs. 1,00,952 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances 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 an area of significance for our audit.	We gained an understanding of the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition, • We 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; • We 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 and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date; • Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company's IT systems); • Enquired with the management regarding significant judgments and estimates involved in the impairment computation; • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and • Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107.

Key audit matters	**How our audit addressed the key audit matter**
Audit in an Information Technology (IT) enabled environment – including considerations on exceptions identified in IT environment	
Management places 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. 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. Hence, our audit procedures have focus on IT systems and controls in them due the pervasive nature and complexity of the IT environment, operational volume across numerous locations daily and the reliance on automated and IT dependent manual controls.	In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting: • Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls; • The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system; • Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; • Performed tests of controls (including over compensatory controls / alternate procedures 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 36 of the interim 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.
 	
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 September 30, 2019 the Company has an amount of Rs. 65,081 Lakhs. involved in 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
	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;

Key audit matters	How our audit addressed the key audit matter
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 an area of significance for our audit.	• 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 Interim standalone Ind AS Financial Statements in accordance with Ind AS 37.

Management's Responsibility for the Interim Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Interim Standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance including other comprehensive income, standalone cash flows and standalone 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. The Board of Directors also responsible for 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; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim 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 Interim Standalone Ind AS financial statements, Board of Directors of the Company are responsible for assessing the ability of the Company's 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 of the Company are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Interim 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 interim 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 interim standalone 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Interim Standalone Ind AS financial statements, including the disclosures, and whether the Interim Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The comparative financial information for the corresponding six months ended September 30, 2018 included in these Interim Standalone Ind AS financial statements are based on information compiled by the Management and have not been audited.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Subramanian Suresh
Partner
Membership Number: 083673
UDIN: 19083673AAAABR8701
Place of Signature: Chennai
Date: November 5, 2019

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Statement of Profit and Loss for the Six months ended September 30, 2019

₹ in lakhs

	Note No.	Six months ended September 30, 2019	Six months ended September 30, 2018
Revenue from Operations			
Interest Income	24A	3,95,217	3,08,162
Net gain on derecognition of financial instruments under amortised cost category	32.1B	13,168	4,288
Fee Income	24B	9,856	8,444
Net gain on Fair value change on financial instruments	24C	706	2,163
Sale of Services	24D	3,697	5,020
Total Revenue from operations (I)		**4,22,644**	**3,28,077**
Other income (II)	25	10	30
Total Income (III) = (I) + (II)		**4,22,654**	**3,28,107**
Expenses			
Finance costs	26	2,26,393	1,65,154
Impairment of Financial Instruments	27	20,468	15,951
Employee benefits expense	28	31,795	27,552
Depreciation and amortisation expense	13, 14 & 15	4,952	2,542
Other expenses	29	38,415	27,078
Total Expenses (IV)		**3,22,023**	**2,38,277**
Profit before tax (V) = (III) - (IV)		**1,00,631**	**89,830**
Tax expense/(benefit)			
- Current tax		28,894	33,713
- Deferred tax	12	9,617	(2,875)
Net tax expense (VI)		38,511	30,838
Profit for the period - A = (V) - (VI)		**62,120**	**58,992**
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)	33	(386)	(321)
Income tax impact		97	110
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve	39.8	(4,547)	2,864
Income tax impact		2,081	(880)
Other comprehensive income/(loss) net of tax for the period (B)		**(2,755)**	**1,773**
Total comprehensive income net of tax for the period (A + B)		**59,365**	**60,765**
Earnings per equity share of ₹ 2 each	30		
Basic (₹)		7.95	7.55
Diluted (₹)		7.94	7.54

The accompanying notes are integral part of the financial statements

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

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

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Statement of Changes in Equity for the Six months ended September 30, 2019

a) Equity Share Capital

	₹ in lakhs
Balances as on April 1, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	15,643
Add: Issue of share capital	1
Balances as on September 30, 2019	15,644

b)Other Equity (Refer Note 23B)

₹ in lakhs

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share Based Payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Balance as at March 31, 2019	**-**	**1,06,046**	**4**	**3,300**	**1,66,849**	**2,48,777**	**76,450**	**1,861**	**(129)**	**(1,227)**	**6,01,931**
Profit for the period	-	-	-	-	-	-	62,120	-	-	-	**62,120**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(289)	-	-	-	**(289)**
Total comprehensive income for the period, net of income tax	-	-	-	-	-	-	-	-	-	(2,466)	**(2,466)**
Dividend including DDT		-	-	-	-	-	(3,770)	-	-	-	**(3,770)**
Addition during the period	4	-	-	-	34	-	-	654	-	-	**692**
Balance as at September 30, 2019	**4**	**1,06,046**	**4**	**3,300**	**1,66,883**	**2,48,777**	**1,34,511**	**2,515**	**(129)**	**(3,693)**	**6,58,218**

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share Based Payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Balance as at March 31, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,679**	**1,88,777**	**54,528**	**1,046**	**(129)**	**(2,077)**	**4,94,174**
Profit for the period	-	-	-	-	-	-	58,992	-	-	-	**58,992**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(211)	-	-	-	**(211)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	1,984	**1,984**
Dividend including DDT	-	-	-	-	-	-	(3,770)		-	-	**(3,770)**
Addition during the period	-	-	-	-	120	-	-	321	-	-	**441**
Others	-	-	-	-	-	-	809	-	-	-	**809**
Balance as at September 30, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,799**	**1,88,777**	**1,10,348**	**1,367**	**(129)**	**(93)**	**5,52,419**

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**

Arun Alagappan
Executive Director

M M Murugappan
Chairman

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

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

Date : November 5, 2019
Place : Chennai

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Cash Flow Statement for the Six months ended September 30, 2019

₹ in lakhs

Particulars	Six months ended September 30, 2019		Six months ended September 30, 2018	
Cash Flow from Operating Activities				
Profit Before Tax		**1,00,631**		**89,830**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	4,952		2,542	
Impairment of financial instruments	20,468		15,951	
Finance Costs	2,26,393		1,65,154	
Loss on Sale of Property plant and equipment (Net)	14		12	
Net gain on fair value change in financial instrument	(706)		(2,163)	
Interest Income on bank deposits	(12,788)		(2,645)	
Share based payment expense	654		311	
		2,38,987		1,79,162
Operating Profit Before Working Capital Changes		3,39,618		2,68,992
Adjustments for :-				
(Increase)/Decrease in operating Assets				
Loans	(5,47,642)		(5,14,753)	
Trade receivables	(1,151)		6,311	
Other Financial Assets	(16,332)		(2,794)	
Other Non Financial Assets	(1,432)	(5,66,557)	(1,677)	(5,12,913)
Proceeds from de-recognition of financial assets recognised at amortised cost		2,19,339		43,969
Increase/(Decrease) in operating liabilities & provisions				
Payables	(8,114)		(2,645)	
Other Financial liabilities	9,050		(2,060)	
Provisions	1,072		304	
Other Non Financial liabilities	(1,064)	944	(84)	(4,485)
Cash Flow used in Operations		(6,656)		(2,04,437)
Finance Costs paid	(2,28,038)		(1,74,014)	
Interest Received on Bank Deposits	8,740		2,260	
		(2,19,298)		(1,71,754)
		(2,25,954)		(3,76,191)
Income tax paid (Net of refunds)		(35,406)		(28,860)
Net Cash Used in Operating Activities (A)		**(2,61,360)**		**(4,05,051)**
Cash Flow from Investing Activities				
Purchase of Property, plant and Equipment and Intangible Assets	(4,073)		(2,552)	
Proceeds from Sale of Property, plant and equipment.	36		52	
Movement of Investment (net)	706		2,163	
Net Cash Used in Investing Activities (B)		**(3,331)**		**(337)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		36		123
Payment of Lease liabilities		(2,185)		
Proceeds from issue of Debt securities	11,60,136		9,53,440	
Redemption of Debt securities	(12,38,104)		(7,34,285)	
Proceeds from Borrowing other than debt securities	19,05,126		14,31,113	
Repayment of Borrowings other than debt securities	(12,77,805)		(8,27,379)	
Proceeds from issue of subordinated liabilities	-		51,500	
Repayment of subordinated liabilities	(22,000)		(17,650)	
		5,27,353		8,56,739
Investment in Bank Fixed Deposits (net of withdrawals)		(18,671)		920
Dividends Paid (Including Distribution Tax)		(3,771)		(3,764)
Net Cash From Financing Activities (C)		**5,02,762**		**8,54,018**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**2,38,071**		**4,48,630**
Cash and Cash Equivalents at the Beginning of the Period		3,13,893		25,379
Cash and Cash Equivalents at the End of the Period		5,51,965		4,74,009

The accompanying notes are integral part of the financial statements

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

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

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

Date : November 5, 2019
Place : Chennai

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Balance Sheet as at September 30, 2019

₹ in lakhs

	Note No.	As at September 30, 2019	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and Cash Equivalents	5	5,51,965	3,13,893
Bank Balances other than Cash and Cash Equivalents	6	76,311	53,592
Derivative financial instruments	7	13,272	8,869
Receivables	8		
i) Trade Receivables		1,138	441
ii) Other Receivables		4,362	3,908
Loans	9	55,70,061	52,62,227
Investments	10	7,292	7,292
Other Financial Assets	11	29,844	13,512
		62,54,245	**56,63,734**
Non- Financial Assets			
Current tax assets (Net)		21,151	14,639
Deferred tax assets (Net)	12	37,861	45,300
Investment Property	13	47	47
Property, Plant and Equipment	14	26,665	14,253
Intangible assets under development		986	1,310
Other Intangible assets	15	1,907	1,976
Other Non-Financial Assets	16	2,803	1,371
		91,420	**78,896**
TOTAL ASSETS		**63,45,665**	**57,42,630**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	7	1,260	841
Payables			
(I) Trade Payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		19,063	20,742
(II) Other Payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		6,844	12,894
Debt Securities	17	13,28,090	14,18,431
Borrowings(Other than Debt Securities)	18	38,56,945	32,12,375
Subordinated Liabilities	19	4,05,313	4,25,868
Other Financial Liabilities	20	42,417	21,207
		56,59,932	**51,12,358**
Non-Financial Liabilities			
Provisions	21	8,474	7,402
Other Non-Financial Liabilities	22	3,397	5,296
		11,871	**12,698**
Equity			
Equity share capital	23A	15,644	15,643
Other Equity	23B	6,58,218	6,01,931
		6,73,862	**6,17,574**
TOTAL LIABILITIES AND EQUITY		**63,45,665**	**57,42,630**

The accompanying notes are integral part of the financial statements

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

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

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

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 are 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 in addition to other lending activities.

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

2. Basis of preparation of Interim Standalone Ind AS financial statements

The Interim Standalone 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 Interim Standalone Ind AS financial statements for the six months ended September 30, 2019 have been prepared in accordance with Ind AS 34, “Interim Financial Reporting”. The interim standalone Ind AS financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) 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.

2.1 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

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

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.

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 instrument 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

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company 's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI (Other Comprehensive Income). Equity instruments at FVOCI are not subject to an impairment assessment.

3.2.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

3.2.4 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

3.3 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities, during the period.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets other than due to substantial modification

3.4.1.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the '), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.
When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

3.4.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in 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 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 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.

3.5.2 The calculation of ECLs

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset’s gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

3.5.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

3.6 Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the Company from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans, and in certain cases, also exercises its right over property through legal procedures which include seizure of property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Company'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.

3.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.8 Restructured, rescheduled and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Company considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

3.9 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

3.9.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

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. The Company 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. Interest income on Stage 3 Loans is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

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 Schedule 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 evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3.13 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is similar to those provided under Schedule II , except as indicated below. 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 assessment (supported by technical evaluation):

Asset description	**Estimated Useful Life**
Furniture and Fixtures*	5 years
Vehicles*	5 years

*Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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.

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 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. 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 measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3.21 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.
The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

3.21.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

3.21.2 Fee Income & Sale of Service

a) Fee income from loans are recognised upon satisfaction of following:

- i) Completion of service
- ii) and realisation of the fee income.

b) Servicing and collections fees on assignment are recognised upon completion of service.

c) Advertising income is recognised over the contract period as and when related services are rendered.

3.22 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company’s right to receive the payment is established, 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, and when there is no uncertainty in availing / utilising the same. Company can avail 50% of the input credit as per the applicable regulatory laws and hence it charges off the balance 50% to the respective expenses.

3.24 Foreign Currency transactions

The Company’s financial statements are presented in Indian Rupees (INR) which is also the Company’s functional currency.
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

3.25 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.26 Segment Information

The accounting policies adopted for Segment reporting are in line with the accounting policies

of the Company with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

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 Associates are carried at Cost in the Standalone 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-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 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. 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-of-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-of-use asset if the Company 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 Company are classified as financing cash flows.

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.

4. 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.

4.1 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.

4.2 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.

4.3 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 as a significant accounting estimates include:

- The Company’s criteria for assessing if there has been a significant increase in credit risk so that and so allowances for financial assets should be measured on a LTECL basis and the related 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

It has been the Company’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4 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.

4.5 Business Model Assessment

The Company from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the Company's business model for managing its financial assets becomes a critical judgment. Refer Note 3.2.1.1 for related details.

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Note : 5 CASH AND CASH EQUIVALENTS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Cash on hand	4,171	4,996
Balances with banks		
- In Current Accounts	1,11,215	34,911
- In Deposit Accounts - Original maturity of 3 months or less	4,31,611	2,66,662
Cheques, drafts on hand	4,968	7,324
Total	**5,51,965**	**3,13,893**

Note 6 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
- In Deposit Accounts - Original maturity more than 3 months	30,948	1,471
- In earmarked accounts		
- In Unpaid Dividend Accounts	67	68
- Deposits with Banks as collateral towards securitisation loan	45,288	52,045
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**76,311**	**53,592**

Note: 7 Derivative financial instruments

Part I	**As at September 30, 2019**			**As at March 31, 2019**		
	Notional amounts	**Fair Value - Assets**	**Fair Value - Liabilities**	**Notional amounts**	**Fair Value - Assets**	**Fair Value - Liabilities**
(i)Other derivatives - Cross Currency Interest Rate Swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Cash flow hedging:						
Others - Cross currency interest rate swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**

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

Note: 8 Receivables (Unsecured)

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
(i)Trade Receivables		
Considered Good*	1,138	441
Subtotal (i)	**1,138**	**441**
(ii)Other Receivables		
Considered Good*	4,362	3,908
Subtotal (ii)	**4,362**	**3,908**
Total (i)+(ii)	**5,500**	**4,349**

*Includes dues from related parties, Refer note 35

Note : 9 LOANS
(At amortised cost)

Particulars		**As at September 30, 2019**	**As at March 31, 2019**
(A)(i) Bills Discounted		9,720	8,841
(ii) Term loans		56,61,293	53,46,457
	Total (A) Gross	**56,71,013**	**53,55,298**
Less: Impairment Allowance for (i) & (ii)		(1,00,952)	(93,071)
	Total (A) Net	**55,70,061**	**52,62,227**
(B)(i) Secured by tangible assets		56,28,468	53,03,106
(ii) Unsecured		42,545	52,192
	Total (B) - Gross	**56,71,013**	**53,55,298**
Less: Impairment Allowance		(1,00,952)	(93,071)
	Total (B) - Net	**55,70,061**	**52,62,227**

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.

Term loans includes unsecured short term loans to a subsidiary and associate. These loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created. The details of the same are disclosed below:

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Loan - Outstanding Value		
Cholamandalam Securities Limited	600	1,150
White Data System India Private Limited	340	340
Impairment Allowance		
Cholamandalam Securities Limited	1	1
White Data System India Private Limited	-	-

₹ in lakhs

Note : 9.1 LOANS

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

	Gross Carrying amount				Impairment allowance			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Bill discounted								
Opening as on April 1, 2019	5,348	40	3,453	8,841	13	3	3,157	3,173
New assets originated / Increase in existing assets (Net)	6,297	179	-	6,476	46	19	-	65
Exposure de-recognised / matured / repaid	(5,349)	(39)	(209)	(5,597)	(13)	(3)	(165)	(181)
Transfer to Stage 3								-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	54	54
Closing as on September 30, 2019	**6,296**	**180**	**3,244**	**9,720**	**46**	**19**	**3,046**	**3,111**
Term loans								
Opening as on April 1, 2019	49,98,262	2,07,102	1,41,093	53,46,457	24,641	18,832	46,425	89,898
New assets originated / Increase in existing assets (Net)	15,50,509	8,303	1,685	15,60,497	5,345	717	702	6,764
Exposure de-recognised / matured / repaid	(11,42,783)	(69,354)	(24,384)	(12,36,521)	(17,419)	(4,027)	(349)	(21,795)
Transfer to Stage 1	53,139	(48,221)	(4,918)	-	5,589	(4,387)	(1,202)	-
Transfer to Stage 2	(2,03,342)	2,06,195	(2,853)	-	(919)	1,707	(788)	-
Transfer to Stage 3	(31,962)	(34,939)	66,901	-	(142)	(3,410)	3,552	-
Impact on account of exposures transferred during the period between stages	148	668	1,336	2,152	-	13,728	13,047	26,775
Impact of changes on items within the same stage	-	-	3,511	3,511	-	-	1,359	1,359
Write off	(5,069)	(4,412)	(5,322)	(14,803)	(82)	(1,365)	(3,713)	(5,160)
Closing as on September 30, 2019	**52,18,902**	**2,65,342**	**1,77,049**	**56,61,293**	**17,013**	**21,795**	**59,033**	**97,841**
Bills Discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,024)	(780)	(147)	(10,951)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,348**	**40**	**3,453**	**8,841**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,56,838	1,95,115	1,46,120	42,98,073	19,812	20,693	44,396	84,901
New assets originated / Increase in existing assets (Net)	27,37,274	28,031	5,332	27,70,637	8,880	2,848	1,867	13,595
Exposure de-recognised / matured / repaid	(15,26,840)	(1,13,191)	(55,853)	(16,95,884)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
								-
Closing as on March 31, 2019	**49,98,262**	**2,07,102**	**1,41,093**	**53,46,457**	**24,641**	**18,832**	**46,425**	**89,898**

ECL across stages have been computed on collective basis.

₹ in lakhs

Note : 10 INVESTMENTS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Investment in Equity Instruments*		
a) Subsidiaries at cost		
Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited) 42,400,000 Equity shares of ₹ 10 each fully paid up	4,240	4,240
Cholamandalam Securities Limited 22,500,014 Equity shares of ₹ 10 each fully paid up	2,250	2,250
b) Associate at cost		
White Data System India Private Limited 1,275,917 Equity shares of ₹ 10 each fully paid up (Subsidiary upto September 2018 and Associate from October 2018)	800	800
c) Others - Unquoted - FVOCI **		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up#	-	-
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up#	-	-
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up#	-	-
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	2	2
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only#	-	-
Total	**7,292**	**7,292**

*Investments are made in India

**The Company has designated certain unquoted equity instruments as FVOCI on the basis that these are not held for trading.

represents amount less than Rs 1 lakh.

Note :11 OTHER FINANCIAL ASSET

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Unsecured - considered good		
At amortised cost		
Security deposits	2,359	1,905
Other advances	5,681	2,545
Interest only strip receivable*	21,804	9,062
Total	**29,844**	**13,512**

* :Net of ECL amounting to Rs.1,235 lakhs (March 2019 - Rs 1,000 Lakhs)

Note 12 Deferred Tax

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Deferred Tax Assets		
Impairment allowance for financial instruments	25,536	32,430
Provision for Contingencies and Undrawn commitments	998	1,341
Provision for Compensated Absences and Gratuity	1,135	1,251
Impact of Effective interest rate adjustment on Financial Assets	7,506	9,761
Contract Liability as per IND AS 115	641	995
Depreciation	682	637
Items recognised in OCI	1,553	-
Others	330	367
(A)	**38,381**	**46,782**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	520	856
Items recognised in OCI	-	626
(B)	**520**	**1,482**
Net Deferred Tax Assets (A) - (B)	**37,861**	**45,300**

Particulars	**Six months ended September 30, 2019**		**Six months ended September 30, 2018**	
	Income Statement	**OCI**	**Income Statement**	**OCI**
Deferred Tax Assets				
Impairment allowance for financial instruments	6,894	-	(1,866)	-
Provision for Contingencies and Undrawn commitments	343	-	-	-
Provision for Compensated Absences and Gratuity	116	-	174	-
Impact of Effective interest rate adjustment on Financial Assets	2,255	-	(1,777)	-
Contract Liability as per IND AS 115	354	-	-	-
Depreciation	(45)	-	10	-
Others	36	-	46	-
(A)	**9,953**	**-**	**(3,413)**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	336	-	164	-
Re-measurement gains / (losses) on defined benefit plans (net)		97	-	(110)
Gain on de-recognition of financial assets	-	-	(702)	-
Cashflow Hedge reserve	-	2,081	-	880
(B)	**336**	**2,178**	**(538)**	**770**
Net deferred tax charge / (reversal) (A) - (B)	**9,617**	**(2,178)**	**(2,875)**	**(770)**

The deferred tax charge to the profit and loss account for the six months period ended September 30, 2019 of Rs. 9,617 lakhs includes a remeasurement of the deferred tax assets as at March 31, 2019 at the substantively enacted tax rate pursuant to the Taxation Laws (Amendment) Ordinance 2019 promulgated on September 20, 2019, where the Company has exercised the option permitted Under Section 15BAA of the Income Tax Act, 1961 to compute the income tax at the revised rate (25.17%) from the current reporting period. The additional tax expense for the six months ended September 30, 2019 on account of this remeasurement of the deferred tax asset as at March 31, 2019 amounts to Rs. 12,673 lakhs.

Note 13 INVESTMENT PROPERTY ₹ in lakhs

Particulars	
Gross carrying amount as at April 1, 2018	**5**
Additions*	**42**
Disposals	
Gross carrying amount as at March 31, 2019	**47**
Additions	**-**
Disposals	**-**
Gross carrying amount as at September 30, 2019	**47**
Accumulated depreciation and impairment	
Balance as at April 1, 2018	-
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	**-**
Depreciation for the period	**-**
Depreciation on disposals	**-**
Balance as at September 30, 2019**	**-**
Net Carrying amount	
As at March 31, 2019	**47**
As at September 30, 2019	**47**
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 September 30, 2019.
* Addition represents transfer from Property, plant and equipments.
** represents amount less than Rs 100,000

Income earned and expense incurred in connection with investment property ₹ in lakhs

Particulars	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**
Rental Income	9	14
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.

iv) Fair Value	**As at September 30, 2019**	**As at March 31, 2019**
Investment Property (Rs. in Lakhs)	317	287

v) Sensitivity analysis

Particulars	**Valuation technique**	**Significant unobservable inputs**	**Range (Weighted avg)**	**Sensitivity of the input to fair value**	**Fair Value (Rs. In Lakhs.)**	**Sensitivity (Rs. In Lakhs.)**
Investment Property As at September 30, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	317	16
Investment Property As at March 31, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	287	14

Note 14 - PROPERTY, PLANT AND EQUIPMENT

₹ 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	
Gross carrying amount as at April 1, 2018	**3,956**	**3,650**	**1,603**	**1,365**	**2,909**	**1,061**	**2,576**	**-**	**17,120**
Additions	-	1,911	531	445	734	583	-		4,204
Disposals	-	89	47	54	122	381	42	-	735
Gross carrying amount as at March 31, 2019	**3,956**	**5,472**	**2,087**	**1,756**	**3,521**	**1,263**	**2,534**	**-**	**20,589**
Additions	-	1,873	384	403	734	343	-	12,948	16,685
Disposals	-	81	36	5	111	112	-	-	345
Gross carrying amount as at September 30, 2019	**3,956**	**7,264**	**2,435**	**2,154**	**4,144**	**1,494**	**2,534**	**12,948**	**36,929**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2018	-	1,235	460	644	696	32	48	-	3,115
Depreciation for the year	-	1,754	452	457	746	321	48	-	3,778
Depreciation on disposals	-	87	37	53	109	271	-		557
Balance as at March 31, 2019	**-**	**2,902**	**875**	**1,048**	**1,333**	**82**	**96**	**-**	**6,336**
Depreciation for the period		986	274	358	476	172	24	1,933	4,223
Depreciation on disposals		81	31	4	107	72		-	295
Balance as at September 30, 2019	**-**	**3,807**	**1,118**	**1,402**	**1,702**	**182**	**120**	**1,933**	**10,264**
Net Carrying amount									
As at March 31, 2019	**3,956**	**2,570**	**1,212**	**708**	**2,188**	**1,181**	**2,438**	**-**	**14,253**
As at September 30, 2019	**3,956**	**3,457**	**1,317**	**752**	**2,442**	**1,312**	**2,414**	**11,015**	**26,665**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation		Straight-line method							

Note

1. Details of Immovable properties of land and buildings (Owned Assets), whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security, has been explained in Note 17.1

2. Disposal in Buildings represents transfer to Investment property.

3. The Company has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.
4. Refer Note 45 for disclosures relating to ROU assets.

Note 15 INTANGIBLE ASSETS

₹ in lakhs

Particulars	Computer Software
Gross carrying amount as at April 1, 2018	**3,406**
Additions	1,676
Disposals	-
Gross carrying amount as at March 31, 2019	**5,082**
Additions	660
Disposals	-
Gross carrying amount as at September 30, 2019	**5,742**
Accumulated Amortization and impairment	
Balance as at April 1, 2018	**1,336**
Amortization for the year	1,770
Amortization on disposals	**-**
Balance as at March 31, 2019	**3,106**
Amortization for the period	729
Amortization on disposals	**-**
Balance as at September 30, 2019	**3,835**
Net Carrying amount	
As at March 31, 2019	**1,976**
As at September 30, 2019	**1,907**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

Note: 16 OTHER NON FINANCIAL ASSETS

₹ in lakhs

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Prepaid expenses	2,656	1,146
Capital advances	147	225
Total	**2,803**	**1,371**

₹ in lakhs

Note : 17 DEBT SECURITIES (at amortised cost)

Particulars	As at September 30, 2019	As at March 31, 2019
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	7,79,160	10,54,445
Commercial Papers - Unsecured	5,48,930	3,63,986
Total	**13,28,090**	**14,18,431**

All debt securities in India

17.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property which are owned assets of the Company situated at Ahmedabad and Chennai.

(ii) The Company has not defaulted in the repayment of dues to its lenders.

(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 17.2 based on the Contractual terms.

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 **September 30, 2019**	**March 31, 2019**	Due date of redemption	Rate of interest %
		₹ in lakhs			
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	15,000	Apr-24	8.62
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	35,230	Sep-21	8.45
1,250	10,00,000	12,500	-	Aug-21	8
2,550	10,00,000	25,500	25,500	Jul-21	9.06
4,010	10,00,000	40,100	20,000	Jun-21	8.49 to 8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.0874
600	10,00,000	6,000	6,000	Feb-21	9.09
1,350	10,00,000	13,500	-	Jan-21	8.11
3,500	10,00,000	35,000	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	48,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.11 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
9,850	10,00,000	98,500	98,500	Feb-20	7.97 to 8.85
5,500	10,00,000	55,000	55,000	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	-	58,500	Sep-19	8.06 to 8.46
2,250	10,00,000	-	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	-	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	-	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	-	67,500	May-19	8.03 to 9.20
1,100	10,00,000	-	11,000	Apr-19	8.00 to 9.20
		6,67,990	**8,81,890**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at **September 30, 2019**	**March 31, 2019**	Due date of redemption	Redemption price ₹	Premium ₹
		₹ in lakhs				
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	11,500	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	-	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	-	800	Jul-19	12,98,729	2,98,729
500	10,00,000	-	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	-	800	Apr-19	13,08,150	3,08,150
250	10,00,000	-	2,500	Apr-19	13,13,730	3,13,730
		67,900	**84,500**			

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

No of Debentures	Face Value ₹	Balance as at **September 30, 2019**	**March 31, 2019**	Due date of redemption	Put option date	Rate of interest %
		₹ in lakhs				
15	10,00,000	150	150	Mar-21	Feb-20	8.85
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		250	**250**			

₹ in lakhs

Note : 18 BORROWINGS (Other than Debt Securities) at amortised cost

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
A)Term Loans		
i)(a)From Banks - Secured		
- Rupee Loans	26,65,869	21,62,592
- Foreign currency Loans	2,06,787	2,00,467
- External Commercial Borrowings	2,25,560	34,629
(b)From Banks - Unsecured		
- Rupee Loans	1,32,500	50,000
ii) From Other Parties - Secured		
- Financial Institutions - Rupee Loans	79,385	93,481
- Securitisation - Rupee Loans	5,27,276	5,49,261
B) Loan repayable on demand - Secured from Banks - Rupee Loans	19,568	1,21,945
	-	
Total	**38,56,945**	**32,12,375**
Borrowings within India	36,31,385	31,77,746
Borrowings Outside India	2,25,560	34,629

18.1 Security

(i) Secured term loans from banks and financial institution are secured by way of specific /*pari passu* charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(ii) Loan repayable on demand is in the nature of Cash Credit from banks and is secured by way of floating charge on assets under hypothecation and other assets.

(iii) The Company has not defaulted in the repayment of dues to its lenders.

(iv) Securitisation rupee loan represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to Deed of Assignment. The Company has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee.

(v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 18.2 based on the Contractual terms.

18.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			September 30, 2019	**March 31, 2019**
Base Rate / MCLR	< 1year	1	1,25,000	21,000
		2	76,667	-
		3	37,500	12,000
		4	16,250	20,000
	1 - 2 years	1	45,000	60,000
		2	43,334	-
		4	6,250	60,000
	2 - 3 years	1	35,000	40,000
		2	43,334	-
		3	-	15,000
		4	6,250	-
	3 - 4 years	2	29,791	-
		6	-	1,00,000
		16	-	25,000
	4 - 5 years	2	10,000	-
		6	-	80,000
Base Rate/ MCLR + spread (0.05% to 2.75%)	< 1year	1	95,000	52,000
		2	32,500	-
		3	56,250	-
		4	38,750	-
	1 - 2 years	1	7,03,750	3,10,000
		2	36,667	-
		4	3,51,250	50,000
	2 - 3 years	1	1,89,167	5,20,000
		2	59,167	-
		3	18,750	-
		4	1,57,500	1,00,000
		8	-	1,00,000
	3 - 4 years	1	1,12,500	1,00,000
		2	1,00,001	-
		4	57,500	-
		6	12,500	-
	4- 5 years	1	31,665	-
		2	36,667	-
		6	25,000	-
		10	-	1,00,000
		20	-	3,00,000
Rate based on T Bill + Spread	< 1 year	1	39,400	5,000
		3	5,002	-
	1 - 2 years	1	34,400	20,000
		3	-	3,000
		4	25,000	-
		5	-	8,334
	2 - 3 years	1	14,400	-
		4	25,000	-
	3 - 4 years	3	-	28,200
		4	-	-
Fixed Rate	< 1year	1	-	74,000
		4	28,000	-
	1 - 2 years	4	28,000	-
	2 - 3 years	4	16,000	-
		10	-	30,000
	3 - 4 years	2	7,000	-
		16	-	63,000
	4 - 5 years	1	-	-
3Months Repo	2 - 3 years	1	30,000	30,000
Total			**28,41,162**	**23,26,534**
USD 2Y MIBOR + Spread	< 1year	1	4,000	-
	1-2 years	1	-	4,000
USD 3M LIBOR + Spread	1-2 years	5	-	20,000
USD 6M LIBOR + Spread	< 1year	1	1,71,500	1,47,500
		4	16,667	-
	2-3 years	1	1,60,135	34,650
	4 - 5 years	1	64,238	-
Total			**4,16,540**	**2,06,150**

Details of Securitised loan		**Amount outstanding***	
Rate of Interest	**Maturity**	**September 30, 2019**	**March 31, 2019**
	Less than 1 year	1,96,847	1,90,854
Fixed	1-2 year	1,30,379	1,26,195
(6.1% to 8.5%)	2-3 year	56,956	56,971
	3-4 year	14,641	13,886
	4-5 year	6,130	6,506
	more than 5 years	21,065	26,700
Total		**4,26,018**	**4,21,112**
	Less than 1 year	8,054	11,287
Floating	1-2 year	8,591	11,921
Base Rate/ MCLR - spread	2-3 year	9,109	12,280
(0.75% to 2.65%)	3-4 year	9,719	12,060
	4-5 year	10,170	12,319
	more than 5 years	54,473	66,786
Total		**1,00,116**	**1,26,653**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

18.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

Note : 19 SUBORDINATED LIABILITIES (at amortised cost)

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Perpetual Debt - Unsecured	1,48,186	1,44,179
Subordinated Debt - Unsecured	2,57,127	2,81,689
Total	**4,05,313**	**4,25,868**

i) All Subordinated liabilities have been contracted in India.
ii) The Company has not defaulted in the repayment of dues to its lenders.
iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 19.1 based on the Contractual terms.

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 %
		September 30, 2019	**March 31, 2019**		
		₹ in lakhs			
3000	10,00,000	30,000	30,000	Aug-28	9.75
5300	10,00,000	53,000	53,000	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	-	7,000	Jun-19	11.40
1,500	10,00,000	-	15,000	May-19	11.70 to 11.75
r					
		2,46,650	**2,68,650**		

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

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		September 30, 2019	**March 31, 2019**			
		₹ in lakhs				
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		Maturity Date - Perpetual	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		September 30, 2019	**March 31, 2019**		
		₹ in lakhs			
1120	5,00,000	5,600	5,600	Mar-29	10.83
5000	5,00,000	25,000	25,000	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,40,670	**1,40,670**		

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

Note : 20 OTHER FINANCIAL LIABILITIES

Particulars	**As at September 30,2019**	**As at March 31,2019**
Unpaid dividend	67	67
Advance from customers	2,200	1,790
Security deposits received	227	221
Collections towards derecognised assets pending remittance	15,283	4,607
Other liabilities	12,480	14,522
Lease liability (Refer note 45)	12,160	-
Total	**42,417**	**21,207**

Note : 21 PROVISIONS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Provision for Employee Benefits		
- Compensated absences	4,508	3,514
	4,508	**3,514**
Other Provisions		
Provision for contingencies and service tax claims (Refer note 36)	3,838	3,837
Provision for expected credit loss towards undrawn commitments (Refer Note 36)	128	51
	3,966	**3,888**
Total	**8,474**	**7,402**

Note : 22 OTHER NON FINANCIAL LIABILITIES

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Deferred rent	-	834
Income received in advance	2,003	2,303
Statutory liabilities	1,394	2,159
Total	**3,397**	**5,296**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

₹ in lakhs

NOTE 23A : EQUITY SHARE CAPITAL*	As at September 30, 2019		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	1,20,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**
ISSUED				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	78,25,29,275	15,651	15,64,95,867	15,650
		15,651		**15,650**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	78,18,45,505	15,637	15,63,59,113	15,636
Add : Forfeited Shares	6,54,500	7	1,30,900	7
		15,644		15,643
		15,644		**15,643**

* During the current period, shares of face value of Rs 10/- have been split into 5 equity shares of face value of Rs 2/- each.

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

₹ in lakhs

	As at September 30, 2019		As at March 31, 2019	
Equity Shares	**Nos.**	**Amount**	**Nos.**	**Amount**
At the beginning of the period/year (₹10/- each)	15,63,59,113	15,636	15,63,31,371	15,633
Additional shares pursuant to share split	62,54,36,452	-	-	-
Issued during the year - Employees Stock Option (ESOP) Scheme	49,940	1	27,742	3
Outstanding at the end of the period/ year - ₹2/- each (PY ₹10/- each)	**78,18,45,505**	**15,637**	**15,63,59,113**	**15,636**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**1,30,900**	**7**

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 September 30, 2019**	**As at March 31, 2019**
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited")- Holding Company*	36,35,40,095	7,25,33,019

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

	As at September 30, 2019		As at March 31, 2019	
Equity Shares	**Nos.**	**% holding in the class**	**Nos.**	**% holding in the class**
Cholamandalam Financial Holdings Limited - Holding Company*	36,35,40,095	46.50	7,25,33,019	46.39

* During the current period, shares of face value of Rs 10/- have been split into 5 equity shares of face value of Rs 2/- each.

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

₹ in lakhs

NOTE 23B: OTHER EQUITY	As at September 30,2019	As at March 31,2019
Statutory Reserve (Refer Note a)		
Balance at the beginning of the period	1,06,046	82,046
Add: Amount transferred from retained earnings	-	24,000
Closing balance at the end of the period	**1,06,046**	**1,06,046**
Capital Reserve (Refer Note b)		
Balance at the beginning of the period	4	4
Add: Changes during the period	-	-
Closing balance at the end of the period	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the period	3,300	3,300
Add: Changes during the period	-	-
Closing balance at the end of the period	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the period	1,66,849	1,66,679
Add: Premium on ESOPs exercised	34	170
Closing balance at the end of the period	**1,66,883**	**1,66,849**
General Reserve (Refer Note e)		
Balance at the beginning of the period	2,48,777	1,88,777
Add: Amount transferred from retained earnings	-	60,000
Closing balance at the end of the period	**2,48,777**	**2,48,777**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the period	1,861	1,046
Addition during the period	654	815
Closing balance at the end of the period	**2,515**	**1,861**
Retained Earnings (Refer Note g)		
Balance at the beginning of the period	76,450	54,528
Profit for the period	62,120	1,18,615
Less:		
Dividend		
Equity - Final	(3,127)	(3,127)
Equity - Interim	-	(7,036)
Distribution tax on Equity Dividend	(643)	(2,089)
Transfer to Statutory Reserve	-	(24,000)
Transfer to General Reserve	-	(60,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(289)	(441)
Closing balance at the end of the period	**1,34,511**	**76,450**
Cash flow hedge reserve (Refer Note h)		
Balance at the beginning of the period	(1,227)	(2,077)
Addition	(2,466)	850
Closing balance at the end of the period	**(3,693)**	**(1,227)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the period	(129)	(129)
Addition	-	-
Closing balance at the end of the period	**(129)**	**(129)**
Share Application Money pending Allotment at the end of the period (Refer Note j)	**4**	**-**
Total Other Equity	**6,58,218**	**6,01,931**

a) Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit annually as disclosed in the Statement of Profit and Loss account, before any dividend is declared.

During the current period ended September 30, 2019, the Company has not transferred an amount to the reserve created as per these provisions since the Management makes such transfers annually as mentioned above.

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 49,940 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.

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 September 30, 2019 represents amount received towards 23,250 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

Revenue from Operations	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**
Note :24A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
-Bills Discounting	329	634
-Term loans	3,82,100	3,04,883
(b) Bank Deposits		
-Bank Deposits under lien	2,026	2,154
-Other Bank Deposits free of lien	10,762	491
Total (A)	**3,95,217**	**3,08,162**
Note :24B		
(i) Fee Income*		
-Term loans	9,856	8,444
Total (B)	**9,856**	**8,444**
*Services are rendered at a point in time		
Note :24C		
Net gain on fair value changes on FVTPL - Realised		
Income from mutual funds	706	2,163
Total (C)	**706**	**2,163**
Note :24D		
(i)Sale of Services		
(a) Servicing and Collection fee on Assignment	155	119
(b) Other Service Income	3,542	4,901
Total (D)	**3,697**	**5,020**
Note: Timing of revenue recognition		
Services rendered at a point in time	3,397	4,720
Services rendered over a time	300	300
Total	**3,697**	**5,020**

Details related to services rendered over a time

a) Contract balances

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Contract Liabilities	1,941	2,241

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Contract liability at the beginning of the period	2,241	2,847
Revenue Recognised during the period	300	300
Contract liability at the end of the period	1,941	2,547

c) Total Revenue from Customer

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Total Revenue from contracts with Customer*	13,553	13,464

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

d) Due to Company's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2019)

f) **Performance Obligation:**

- Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee
- 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.

Note : 25 OTHER INCOME

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Rent	9	14
Miscellaneous Income	1	16
Total	**10**	**30**

Note : 26 FINANCE COST

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Interest on financial liabilities measured at amortised cost		
- Debt securities	57,519	87,164
- Borrowings other than debt securities	1,46,610	60,733
- Subordinated liabilities	21,112	16,577
Others		
- Bank charges	589	680
- Interest on lease liability	563	-
Total	**2,26,393**	**1,65,154**

Note : 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Loss Assets Written Off (Net) / disposal of re-possessed assets	12,510	10,891
Impairment provision- Loans - measured at amortised cost	7,958	5,060
Total	**20,468**	**15,951**

₹ in lakhs

Note : 28 EMPLOYEE BENEFITS EXPENSES

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Salaries, bonus and commission	28,437	25,116
Contribution to provident and other funds		
-Employees' provident fund	1,359	1,013
-Superannuation fund	152	113
Share based payment Expense	654	311
Gratuity expense (Refer note 33)	367	246
Staff welfare expenses	826	753
Total	**31,795**	**27,552**

Note : 29 OTHER EXPENDITURE

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Rent and facility charges	416	2,586
Rates and taxes	650	257
Energy cost	758	654
Repairs and maintenance	191	129
Communication costs	1,389	1,314
Printing and stationery	639	573
Advertisement and publicity expenses	751	394
Directors fees, allowances and expenses	48	15
Auditors' remuneration	48	9
Legal and professional charges	2,109	1,575
Insurance	786	541
Travelling and conveyance	2,786	2,019
Information technology expenses	1,076	1,319
Loss on sale of property, plant and equipment(Net)	14	12
Recovery charges	13,184	8,669
Corporate social responsibility expenditure	357	734
Outsource cost	12,309	5,904
Miscellaneous expenses	1,001	485
	38,512	27,189
Less : Expenses recovered	(97)	(111)
Total	**38,415**	**27,078**

29.1 Details of CSR expenditure

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,941	2,306
Amount spent during the year		
(a) Construction/ acquisition of asset	-	-
(b) Others	357	734

29.2 Auditors Remuneration

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Statutory Audit	-	-
Interim Audit & Limited Review	5	5
Other Services	34	-
Reimbursement of Expenses(incl. input tax credit expensed)	9	4
Total	**48**	**9**

₹ in lakhs

29.3 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 September 30, 2019 and as at March 31, 2019.

The relevant particulars are furnished below:

Particulars	As at September 30, 2019	As at March 31, 2019
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year	-	-
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	-	-
Total	-	-

29.4 Foreign Currency Payments

a) Expenditure in Foreign Currencies

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Travel	3	13
Membership fees	3	2
Interest on borrowings	1,489	-
License fees	26	21
Professional charges	171	102
Total	**1,692**	**138**

b) Remittances in Foreign Currencies

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Purchase of fixed assets	829	434
Borrowing origination costs	2,711	4
Total	**3,540**	**438**

c) There is no dividend paid in foreign currency

30. Earnings Per Share

Particulars	Period ended September 30, 2019	Period ended September 30, 2018
Profit After Tax (₹ in lakhs)	**62,120**	**58,992**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	**-**	**-**
Profit After Tax Attributable to Equity Shareholders(₹ in lakhs)	**62,120**	**58,992**
Weighted Average Number of Equity Shares (Basic)	78,18,13,887	78,17,01,535
Add: Dilutive effect relating to ESOP	8,15,854	986,255
Weighted Average Number of Equity Shares (Diluted)	78,26,29,741	78,26,87,790
Earnings per Share - Basic (₹)	**7.95**	**7.55**
Earnings per Share - Diluted (₹)	**7.94**	**7.54**
Face Value Per Share (₹)	**2.00**	**2.00**

Note:

Earnings per Share calculations are done in accordance with Ind AS 33 "Earnings per Share". Equity shares have been divided into face value of 2 per share in pursuant to resolution passed through a postal ballot for which the results have been recorded on June 17, 2019 and consequently, the number of equity shares for the six month ended September 30, 2018 have been retrospectively adjusted as required by Ind AS 33.

31. 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 period ended September 30, 2019 and September 30, 2018 is, as follows:

₹ in lakhs

Particulars	**Period ended**	
	September 30, 2019	**September 30, 2018**
Accounting profit before tax from continuing operations	1,00,631	89,830
Income tax rate of 25.168% (September 30, 2018: 34.944%)	25,328	31,390
Effects of:		
Impact of difference in tax base for Donations and CSR Expense	169	257
Share based payment expense – No deduction claimed under tax	170	109
Impact of deduction u/s 80 JJA	-	(180)
Other Adjustments	171	(738)
Effect of change in substantively enacted tax rate on Deferred tax (Refer Note 12)	12,673	-
Income tax expense reported in statement of profit and loss	38,511	30,838

32. Transfer of financial assets

32.1 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 lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost	5,45,252	5,64,273
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	5,27,276	5,49,261
Fair value of assets	5,38,542	5,87,198
Fair value of associated liabilities	5,30,967	5,50,860
Net position at Fair Value	7,575	36,338

B) Direct bilateral assignment

The Company has sold some 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 September 30, 2019	As at March 31, 2019
Assignment		
Carrying amount of de-recognised financial asset	3,60,058	1,67,117
Carrying amount of Retained Assets at amortised cost	40,169	19,020

₹ in lakhs

Particulars	For the period ended September 30, 2019	For the period ended September 30, 2018
Assignment		
Gain on sale of the de-recognised financial asset	13,168	4,288

32.2 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.

33.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 period, the Company recognised Rs 1,359 lakhs (Previous period - Rs 1,013 lakhs) to Provident Fund under Defined Contribution Plan, Rs 152 lakhs (Previous period - Rs 113 lakhs) for Contributions to Superannuation Fund and Rs 69 lakhs (Previous period - Rs 127 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	Period ended September 30, 2019	Year ended March 31, 2019
Defined Benefit Obligation at the beginning of the period	**4,457**	**3,063**
Current Service Cost	332	695
Interest Cost	160	233
Remeasurement Losses/(Gains)		
a. Effect of changes in financial assumptions	193	83
b. Effect of experience adjustments	170	525
Benefits Paid	(86)	(146)
Transfer in/out		4
Defined Benefit Obligation at the end of the period	**5,226**	**4,457**
Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the period	3,481	3,398
Expected Returns on Plan Assets	125	258
Employer's Contribution	47	37
Benefits Paid	(85)	(146)
Return on plan assets (excluding amount recognized in net interest expense)	(23)	(70)
Transfer in/out		4
Fair Value of Plan Assets at the end of the period	**3,545**	**3,481**

₹ in lakhs

Particulars	**Period ended September 30, 2019**	**Year ended March 31, 2019**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Period	3,545	3,481
Defined benefit obligation at the End of the Period	5,226	4,456
Amount Recognised in the Balance Sheet under Other Payables	**1,681**	**(975)**
Cost of the Defined Benefit Plan for the period		
Current Service Cost	332	695
Net interest Expense	160	233
Expected Return on Plan Assets	(125)	(258)
Net Cost recognized in the statement of Profit and Loss	**367**	**670**
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	193	83
b) Effect of experience adjustments	170	525
c) Return on plan assets (excluding interest income)	23	70
Net cost recognized in Other Comprehensive Income	**386**	**678**
Assumptions		
Discount Rate	6.70% p.a.	7.30% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a.	13% p.a.
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the subsequent periods: (valued on undiscounted basis)		
Within the next 12 months (next annual reporting period)	582	536
Between 2 and 5 years	2,599	2,234
Between 5 and 10 years	2,467	2,202
Beyond 10 Years	2,981	2,758
Total Expected Cash flows	**8,629**	**7,730**

Sensitivity Analysis:

₹ in lakhs

	September 30, 2019		March 31, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount Rate (+/- 1%)	4,910	5,577	4,189	4,754
Salary Growth Rate (+/- 1%)	5,540	4,932	4,725	4,204
Attrition Rate (+/- 50% of attrition rates)	5,079	5,406	4,342	4,574
Mortality Rate (+/- 10% of mortality rates)	5,225	5,225	4,456	4,456

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Company's best estimate of contribution during the next year is ₹ 2,600 lakhs (previous year is Rs. 1,738 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	**September 30, 2019**	**March 31, 2019**
Discount Rate	6.70% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a	13% p.a
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at September 30, 2019.
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.

34.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 period ended September 30, 2019, 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 equipments and loan to automobile dealers.
- Home equity - Loans to customer against immovable property
- Other loans - Loans given for acquisition of residential property, loan against shares and other unsecured loans

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on an entity as whole basis and are not allocated to operating segments.

Note 34: Segment Information

₹ in lakhs

	Six months ended September 30, 2019				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
Interest Income	3,07,677	58,684	16,023	12,833	**3,95,217**
Net gain on derecognition of financial instruments under amortised cost category	2,918	4,079	6,171	-	**13,168**
Fee Income	8,864	905	88	(1)	**9,856**
- Net gain on Fair value change on financial instrument	-	-	-	706	**706**
Sale of Services	3,259	324	114		**3,697**
- Others					
Segment revenue from Operations (I)	**3,22,718**	**63,992**	**22,396**	**13,538**	**4,22,644**
Other income (II)	-	-	-	10	**10**
Total Segment Income - (I) + (II)	**3,22,718**	**63,992**	**22,396**	**13,548**	**4,22,654**
Expenses					
Finance costs	1,72,689	38,869	8,747	6,088	**2,26,393**
Impairment of Financial Instruments	19,667	(267)	332	736	**20,468**
Employee benefits expense	26,196	3,419	2,068	112	**31,795**
Depreciation and amortisation expense	4,382	434	136	-	**4,952**
Other expenses	33,126	2,734	1,362	1,193	**38,415**
Segment Expenses	**2,56,060**	**45,189**	**12,645**	**8,129**	**3,22,023**
Segment Profit / (loss) before taxation	**66,658**	**18,803**	**9,751**	**5,419**	**1,00,631**
Tax expense					**38,511**
Profit for the period					**62,120**

	Six months ended September 30, 2018				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
- Interest Income	2,42,789	52,574	10,140	2,659	**3,08,162**
- Net gain on derecognition of financial instruments under amortised cost category		4,288			**4,288**
- Fee Income	7,473	937	38	(4)	**8,444**
- Net gain on Fair value change on financial instrument	-	-	-	2,163	**2,163**
- Sale of Services	4,578	114		328	**5,020**
Segment revenue from Operations (I)	**2,54,840**	**57,913**	**10,178**	**5,146**	**3,28,077**
- Other income (II)	-	-	-	30	**30**
Total Segment Income - (I) + (II)	**2,54,840**	**57,913**	**10,178**	**5,176**	**3,28,107**
Expenses					
- Finance costs	1,31,731	34,065	5,397	(6,039)	**1,65,154**
- Impairment of Financial Instruments	14,689	(858)	2,120	-	**15,951**
- Employee benefits expense	24,049	2,253	1,146	104	**27,552**
- Depreciation and amortisation expense	2,303	209	30	-	**2,542**
- Other expenses	22,331	2,585	1,100	1,062	**27,078**
Segment Expenses	**1,95,103**	**38,254**	**9,793**	**(4,873)**	**2,38,277**
Segment Profit / (loss) before taxation	**59,737**	**19,659**	**385**	**10,049**	**89,830**
Tax expense					**30,838**
Profit for the period					**58,992**

Note 34: Segment Information

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on September 30, 2019					
Segment Assets	43,07,127	10,33,054	2,28,938		**55,69,119**
Unallocable Assets				7,76,546	**7,76,546**
Total Assets					**63,45,665**
Segment Liabilities	38,49,742	9,23,351	2,04,627		**49,77,720**
Unallocable Liabilities				6,94,083	**6,94,083**
Total Liabilities					**56,71,803**
As on March 31, 2019					
Segment Assets	40,58,768	9,95,439	2,06,525		**52,60,732**
Unallocable Assets				4,81,898	**4,81,898**
Total Assets					**57,42,630**
Segment Liabilities	36,70,570	9,00,231	1,86,772		**47,57,573**
Unallocable Liabilities				3,67,483	**3,67,483**
Total Liabilities					**51,25,056**

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

As the asset are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Company's total revenue in the Current year and Previous year.

35.Related Party Disclosures

List of Related Parties:

- **Holding Company:** Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding Company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding Company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance company Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk services Limited
- **Subsidiaries**: Cholamandalam Securities Limited, Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited,), White Data Systems India Private Limited (upto Sep' 2018)
- **Associate**: White Data Systems India Private Limited (Effective Oct' 2018)
- **Key Managerial Personnel**:
  - a) Mr. N Srinivasan, Executive Vice Chairman and Managing Director (upto August 18, 2018);
  - b) Mr. Arun Alagappan, Executive Director
  - c) Mr. D. Arulselvan, Chief Financial Officer
  - d) Ms. P.Sujatha, Company Secretary
- **Non-Executive Directors**
  - a) Mr. M B N Rao (upto July 26, 2018)
  - b) Mr. V Srinivasa Rangan (upto March 31, 2019)
  - c) Ms. Bharati Rao (up to July 30, 2019)
  - d) Mr. Ashok Kumar Barat
  - e) Mr. M M Murugappan (From May 31, 2018)
  - f) Mr. N Ramesh Rajan (From October 30, 2018)
  - g) Mr. Rohan Verma (From March 25, 2019)
  - h) Ms. Bhama Krishnamurthy (From July 30, 2019)

Note:

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

a) Transactions during the period

₹ in lakhs

Particulars	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	1,454	1,445
b) Ambadi Investments Limited	135	145
c) Parry enterprises Limited	0*	-
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	42	35
b) Cholamandalam Securities Limited	34	37
c) Cholamandalam Home Finance Limited	1,729	1,432
d) Cholamandalam MS General Insurance company Limited	3	-
e) White Data Systems India Private Limited	-	14
Amount paid towards reimbursement of expenses		
a) Cholamandalam Securities Limited		
b) Cholamandalam Home Finance Limited	15	-
	10	-
Services Received		
a) Cholamandalam Securities Limited	2	-
b) White Data Systems India Private Limited	14	10
c) Parry enterprises limited	294	387
d) Cholamandalam MS General Insurance Company Limited	42	29
Expense recovered – Rent		
a) Cholamandalam Securities Limited	34	30
b) Cholamandalam MS General Insurance Company Limited	29	27
c) Parry enterprises Limited	0*	-
d) Chola MS Risk services Limited	0*	-
Rental Expense		
a) Cholamandalam Home Finance Limited	28	-
Loans given		
a) Cholamandalam Securities Limited	9650	8,400
b) White Data Systems India Private Limited	-	461
Loans recovered		
a) Cholamandalam Securities Limited	10,200	7,400
b) White Data Systems India Private Limited	-	688

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Interest Income		
a) Cholamandalam Securities Limited	29	13
b) White Data Systems India Private Limited	14	-
Loans availed		
a) Cholamandalam Home Finance Limited	12,650	25,350
Loans repaid		
a) Cholamandalam Home Finance Limited	12,650	25,350
Interest Expense		
a) Cholamandalam Home Finance Limited	51	111
b) Cholamandalam MS General Insurance Company Limited	496	995
Commission and Sitting fees to non-executive Directors	48	37

b)Balances Outstanding at the period end.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Rental Deposit Receivable / (Payable)		
a) Cholamandalam MS General Insurance Limited	(21)	(21)
Loans - Receivable		
a) Cholamandalam Securities Limited	600	1,150
b) White Data Systems India Private Limited	340	340
Debt Securities – Payable		
a) Cholamandalam MS General Insurance Company Limited	(19,838)	(22,249)
Other Receivable / (Payable)		
a) Cholamandalam Financial holdings Limited	0*	-
b) Cholamandalam Securities Limited	50	1
c) Cholamandalam Home Finance Limited	562	282
d) Cholamandalam MS General Insurance Company Limited	8	43
e) White Data Systems India Private Limited	(9)	-
f) Parry Enterprises Limited	0*	-
g) Cholamandalam MS Risk Services	0*	-

*Represents amount less than Rs.1 lakh

c) Key Managerial Personnel

₹ in lakhs

Nature of Transaction	Period ended September 30, 2019	Period ended September 30, 2018
Short- term employee benefits	304	524
Post–employment pension (defined Contribution)	29	54
Dividend Payments	15	15
Share based payments	20	30

36.Contingent Liabilities and Commitments

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Income tax and Interest on Tax issues where the Company has gone on appeal	17,316	17,316
Decided in the Company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,292	21,292
Sales Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	2,657	5,081
Service Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	19,978	19,978
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	8,553	6,741

i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
ii) It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.
iv)Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(b)Commitments

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Capital commitments	1,526	1,619
Disbursements – Undrawn lines	83,569	73,345

(c) The Supreme Court has passed judgement on February 28, 2019 that all allowances paid to employees are to be considered for the purposes o PF wages determination. There are numerous interpretative issues relating to the above judgement. As a matter of caution, the Company has complied the same on prospective basis from the date of the SC order.

37.Changes in Provisions

₹ in lakhs

Particulars	As at March 31, 2019	Additional Provision	Utilisation / Reversal	As at September 30, 2019
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Expected Credit Loss towards Undrawn commitments	51	77	-	128

Particulars	As at April 01, 2018	Additional Provision	Utilisation / Reversal	As at March 31, 2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Expected Credit Loss towards Undrawn commitments	12	39	-	51

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 September 30, 2019 is ₹ 83,569 lakhs (₹ 73,345 lakhs as at March 31, 2019).

The Company creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at September 30, 2019 is ₹ 128 lakhs (₹ 51 lakhs as at March 31, 2019).

38. Sharing of Costs

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed between them, which has been relied upon by the Auditors.

39. 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 reporting period.

39.1 Risk Management

The Company 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 value as well as in identifying oppoROUnities. Risk management is therefore made an integral part of the Company's effective management practice.
Risk Management Framework: The 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.

The Company has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights 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 also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The Company identifies and monitors risks periodically. 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 risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the Company directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, 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. 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 Company's risk management initiatives and risk MIS are reviewed monthly by the executive director and business heads. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity and foreign currency risk.

39.2 Credit Risk

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.

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 developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business.
The Company also has a well-developed business planning model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

39.3 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 activities. The Company is exposed to interest rate risk and liquidity risk.

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.

39.4 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 74% of the loan book of the Company as of September 30, 2019 (74% as of March 31, 2019). Hypothecation endorsement is made in favour of the Company in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and 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 3% and 21% as at September 30, 2019 (5% and 22% as of March 31, 2019), leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 21% of the lending book of the Company as of September 30, 2019 (21% as of March 31, 2019). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by Company for each product by its region and its sub-segments. Company did not overly depend on few regions or sub-segments as of September 30, 2019.

39.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

39.6 Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Company also has lines of credit that it can access to meet liquidity needs.
Refer Note No 44 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

39.7 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.

39.8 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at September 30, 2019

Foreign Exchange Risk on Cash Flow Hedge	**Nominal Value of Hedging Instruments (No. of Contracts)**		**Carrying Value of Hedging Instruments (₹ in lakhs)**		**Maturity Date**	**Changes in Fair value of Hedging Instrument (₹ in lakhs)**	**Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)**	**Line item in Balance sheet**
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	7	5	2,44,224	1,56,303	November 07, 2019 to June 03, 2024	(12,012)	16,946	Borrowings and Finance cost

Period ended September 30, 2019

Cash flow Hedge	**Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in lakhs)**	**Hedge Effectiveness recognised in profit and loss (₹ 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	(4,547)	-	-	NA

As at March 31, 2019

Foreign Exchange Risk on Cash Flow Hedge	**Nominal Value of Hedging Instruments (No. of Contracts)**		**Carrying Value of Hedging Instruments (₹ in lakhs)**		**Maturity Date**	**Changes in Fair value of Hedging Instrument (₹ in lakhs)**	**Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)**	**Line item in Balance sheet**
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	5	1	18,263	3,549	November 07, 2019 to March 18, 2022	8,028	(8,415)	Borrowings and Finance cost

Period ended September 30, 2018

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	2,864	-	-	NA

39.9 Collateral and Other Credit Enhancements

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Company values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Company's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed, which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Company for loan against securities.
The Company does not obtain any other form of credit enhancement other than the above. 99% of the Company's term loan are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019
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 Rs.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 ₹654 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 28).

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-Mar-2019	During the period				Options outstanding As at 30-Sep-2019	Options vested but not exercised As at 30-Sep-2019	Options unvested As at 30-Sep-2019	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
Gt 25 Apr 2008	25-Apr-08	-	-	-	-	-	-	-	-	38	-
GT 27 JAN 2011A	27-Jan-11	9,163	36,652	-	-	-	45,815	45,815	-	38	-
GT 27 JAN 2011B	27-Jan-11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT 30 APR 2011	30-Apr-11	7,948	31,792	-	-	-	39,740	39,740	-	33	-
GT 27 OCT 2011	27-Oct-11	7,936	31,744	-	-	9,920	29,760	29,760	-	31	-
Total		**31,023**	**1,24,092**	**-**	**-**	**39,800**	**1,15,315**	**1,15,315**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31-Mar-2019	During the period				Options outstanding As at 30-Sep-2019	Options vested but not As at 30-Sep-2019	Options unvested As at 30-Sep-2019	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
GT25JAN2017	25-Jan-17	4,72,842	18,91,368	-	-	10,140	23,54,070	8,41,950	15,12,120	202	0.82 years
GT30JAN2018	30-Jan-18	49,040	1,96,160	-	-	-	2,45,200	61,300	1,83,900	262	0.84 years
GT30JAN2018A	30-Jan-18	17,960	71,840	-	-	-	89,800	17,960	71,840	262	1.46 years
GT23APR2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.69 years
GT26JUL2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	1.32 years
GT30OCT2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	-	3,67,300	254	1.78 years
GT19MAR2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	-	5,88,460	278	2.17 years
GT30JUL2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	1.33 years
Total		**7,94,946**	**31,79,784**	**31,632**	**-**	**10,140**	**39,96,222**	**9,98,905**	**29,97,317**		

Note: Includes options (vested and unvested) issued employees of subsidiary as at September 30, 2019 - 11,276 options prior to share split (March 31, 2019 - 11,276 options)

*Equity shares of face value of Rs 10/- have been split into face value of 2 per share in pursuant to resolution passed in EGM on June 17, 2019

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Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019
40-ESOP Disclosure
The movement in Stock Options during the previous year are given below:
Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31-Mar-2018	During the Year 2018-19 Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	Options outstanding As at 31-Mar-2019	Options vested but not exercised As at 31-Mar-2019	Options unvested As at 31-Mar-2019	Exercise Price	Weighted Average Remaining Contractual Life
Gt 30 Jul 2007	30-Jul-07	-	-	-	-	-	-	-		
Gt 25 Jan 2008	25-Jan-08	-	-	-	-	-	-	-		
Gt 25 Apr 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31-Mar-2018	During the Year 2018-19 Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	Options outstanding As at 31-Mar-2019	Options vested but not exercised As at 31-Mar-2019	Options unvested As at 31-Mar-2019	Exercise Price	Weighted Average Remaining Contractual Life
GT25JAN2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30JAN2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30JAN2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23APR2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26JUL2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30OCT2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19MAR2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

Note: Includes options (vested and unvested) issued employees of subsidiary as at September 30, 2019 - 11,276 options prior to share split (March 31, 2019 - 11,276 options)

The following tables list the inputs to the Black Scholes model used for the plans for the period ended 30th September 2019:

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 - Tranche II	 8% 8%	 4 years 3.4 years	 59.50% 61.63%	 10% 10%	 187.60 187.60	 94.82 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

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

40-ESOP Disclosure

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 period ended September 30, 2019 is ₹ Nil (March 31,2019- ₹ Nil)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92%-8.12%
Expected Life	0.12 years- 6.25 years
Expected Volatility	28.28%-63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.(₹)	212.05

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*

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

Note 41

41.1 - 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

	September 30, 2019		**March 31, 2019**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
As on March 31, 2019				
Financial Assets				
Cash and Cash Equivalents	5,51,965	5,51,965	3,13,893	3,13,893
Bank balances Other than Cash and Cash Equivalents	76,311	76,311	53,592	53,592
Receivables			-	
i) Trade Receivables	1,138	1,138	441	441
ii) Other Receivables	4,362	4,362	3,908	3,908
Loans	55,70,061	54,58,354	52,62,227	52,44,731
Investments	7,292	7,292	7,292	7,292
Other Financial Assets	29,844	29,844	13,512	13,512
Total Financial Assets	**62,40,973**	**61,29,266**	**56,54,865**	**56,37,369**
Financial Liabilities				
Payables	-			-
i) Trade Payables	19,063	19,063	20,742	20,742
ii) Other Payables	6,844	6,844	12,894	12,894
Debt Securities	13,28,090	13,56,566	14,18,431	14,13,496
Borrowings(Other than Debt Securities)	38,56,945	38,77,150	32,12,375	32,10,512
Subordinated Liabilities	4,05,313	3,62,294	4,25,868	4,28,174
Other Financial Liabilities	42,417	42,417	21,207	21,207
Total Financial Liabilities	**56,58,672**	**56,64,334**	**51,11,517**	**51,07,025**

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities disclosed under level 2 category.

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

ii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate

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

Note 41.2 - 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 September 30, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	13,272	-	13,272	-
Assets for which fair values are disclosed				
Loans	55,70,061		54,58,354	
Investment Properties *	47	-	-	317

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 assets as at September 30, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	1,260	-	1,260	-
Debt Securities	13,28,090		13,56,566	
Borrowings(Other than Debt Securities)	38,56,945		38,77,150	
Subordinated Liabilities	4,05,313		3,62,294	

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, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Loans	52,62,227		52,44,731	
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	
Debt Securities	14,18,431		14,13,496	
Borrowings(Other than Debt Securities)	32,12,375		32,10,512	
Subordinated Liabilities	4,25,868		4,28,174	

There have been no transfers between different levels during the period.

41.3 Summary of Financial assets and liabilities which are recognised at amortised c ₹ in lakhs

	As at	
Particulars	**September 30, 2019**	**March 31, 2019**
Financial Assets		
Cash and Cash Equivalents	5,51,965	3,13,893
Bank balances other than Cash and Cash Equivalents	76,311	53,592
Loans	55,70,061	52,62,227
Other Financial Assets	29,844	13,512
Financial Liabilities		
Debt Securities	13,28,090	14,18,431
Borrowings(Other than Debt Securities)	38,56,945	32,12,375
Subordinated Liabilities	4,05,313	4,25,868
Other Financial liabilities	42,417	21,207

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

Note 42- 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

		Maturity	
	Amount	**Within 12 months**	**After 12 months**
As on September 30, 2019			
Financial Assets			
Cash and Cash Equivalents	5,51,965	5,51,965	-
Bank balances Other than Cash and Cash Equivalents	76,311	40,019	36,292
Derivative financial instruments	13,272	12,798	474
Receivables			
i) Trade Receivables	1,138	1,138	-
ii) Other Receivables	4,362	4,362	-
Loans	55,70,061	17,58,284	38,11,777
Investments	7,292	-	7,292
Other Financial Assets	29,844	13,310	16,534
Total Financial Assets	**62,54,245**	**23,81,876**	**38,72,369**
Non- Financial Assets			
Current tax assets (Net)	21,151	-	21,151
Deferred tax assets (Net)	37,861	-	37,861
Investment Property	47	-	47
Property, Plant and Equipment	26,665	-	26,665
Intangible assets under development	986	-	986
Other Intangible assets	1,907	-	1,907
Other Non-Financial Assets	2,803	2,443	360
Total Non- Financial Assets	**91,420**	**2,443**	**88,977**
Financial Liabilities			
Derivative financial instruments	1,260	-	1,260
Payables			
i) Trade Payables	19,063	19,063	-
ii) Other Payables	6,844	6,844	-
Debt Securities	13,28,090	9,42,858	3,85,232
Borrowings(Other than Debt Securities)	38,56,945	9,46,883	29,10,062
Subordinated Liabilities	4,05,313	43,596	3,61,717
Other Financial Liabilities	42,417	34,894	7,523
Total Financial Liabilities	**56,59,932**	**19,94,138**	**36,65,794**
Non-Financial Liabilities			
Provisions	8,474	8,474	-
Other Non-Financial Liabilities	3,397	1,994	1,403
Total Non-Financial Liabilities	**11,871**	**10,468**	**1,403**

Note 42- Maturity Analysis

		₹ in lakhs	
		Maturity	
	Amount	Within 12 months	After 12 months
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	3,13,893	3,13,893	-
Bank balances Other than Cash and Cash Equivalents	53,592	19,682	33,910
Derivative financial instruments	8,869	7,229	1,640
Receivables			
i) Trade Receivables	441	441	-
ii) Other Receivables	3,908	3,908	-
Loans	52,62,227	16,41,911	36,20,316
Investments	7,292	-	7,292
Other Financial Assets	13,512	4,205	9,307
Total Financial Assets	**56,63,734**	**19,91,269**	**36,72,465**
Non- Financial Assets			
Current tax assets (Net)	14,639	-	14,639
Deferred tax assets (Net)	45,300	-	45,300
Investment Property	47	-	47
Property, Plant and Equipment	14,253	-	14,253
Intangible assets under development	1,310	-	1,310
Other Intangible assets	1,976	-	1,976
Other Non-Financial Assets	1,371	1,073	298
Total Non- Financial Assets	**78,896**	**1,073**	**77,823**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables	-		
i) Trade Payables	20,742	20,742	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings(Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,207	21,128	79
Total Financial Liabilities	**51,12,358**	**19,26,024**	**31,86,334**
Non-Financial Liabilities			
Provisions	7,402	7,402	-
Other Non-Financial Liabilities	5,296	3,211	2,085
Total Non-Financial Liabilities	**12,698**	**10,613**	**2,085**

Note 43 - Change in liabilities arising from financing activities

₹ in lakhs

Particulars	April 01, 2019	Cash flows	Exchange Difference	Others	September 30, 2019
Liabilities	50,56,674	5,27,353	8,530	(2,209)	55,90,348

₹ in lakhs

Particulars	April 01, 2018	Cash flows	Exchange Difference	Others	March 31, 2019
Liabilities	38,33,033	12,19,933	13,779	(10,071)	50,56,674

(i) Others column represents the effect of interest accrued but not paid on borrowing, amortisation of processing fees etc
(ii) Liabilities represents of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 44
Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at September 30, 2019 ₹ in lakhs

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 Years	Total
Financial Assets								
Cash and Cash Equivalents	3,49,584	2,04,896	-	-	-	-	-	**5,54,480**
Bank Balances other than Cash and Cash Equivalents	353	2,609	31,445	2,945	28,741	6,906	16,957	**89,956**
Derivative financial instruments	-	8,648		4,150	474	-	-	**13,272**
Receivables								
i) Trade Receivables	1,138	-	-	-	-	-	-	**1,138**
ii) Other Receivables	4,362	-	-	-	-	-	-	**4,362**
Loans	3,98,295	4,23,466	5,90,503	10,99,391	29,51,883	8,82,085	12,30,931	**75,76,554**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	1,717	2,796	2,489	6,667	12,661	3,919	4,960	**35,209**
Total Undiscounted financial assets	**7,55,449**	**6,42,415**	**6,24,437**	**11,13,153**	**29,93,759**	**8,92,910**	**12,60,140**	**82,82,263**
Financial Liabilities								
Derivative financial instruments	-				363	897	-	**1,260**
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	19,063	-	-	-	-	-	-	**19,063**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	6,844	-	-	-	-	-	-	**6,844**
Debt Securities	63,362	4,28,179	3,16,795	1,69,450	3,68,205	72,549	3,140	**14,21,680**
Borrowings(Other than Debt Securities)	1,90,043	3,03,769	2,89,838	4,89,209	25,71,874	6,00,781	1,06,629	**45,52,143**
Subordinated Liabilities	3,380	17,745	10,391	33,357	1,88,973	1,36,681	2,12,801	**6,03,328**
Other Financial Liabilities	30,659	806	1,213	2,447	7,421	1,716	-	**44,262**
Total Undiscounted financial liabilities	**3,13,351**	**7,50,499**	**6,18,237**	**6,94,463**	**31,36,836**	**8,12,624**	**3,22,570**	**66,48,580**
Total net Undiscounted financial assets/(liabilities)	**4,42,098**	**(1,08,084)**	**6,200**	**4,18,690**	**(1,43,077)**	**80,286**	**9,37,570**	**16,33,683**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 44
Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at March 31, 2019 **₹ in lakhs**

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 Years	Total
Financial Assets								
Cash and Cash Equivalents	87,458	2,29,834	-	-	-	-	-	**3,17,292**
Bank Balances other than Cash and Cash Equivalents	370	6,810	3,997	11,702	22,226	2,172	19,394	**66,671**
Derivative financial instruments	-	-	-	7,229	1,640	-	-	**8,869**
Receivables								
i) Trade Receivables	441	-	-	-	-	-	-	**441**
ii) Other Receivables	3,908	-	-	-	-	-	-	**3,908**
Loans	3,48,886	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	**73,23,043**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	-	1,423	1,006	1,775	5,452	1,051	1,723	**12,430**
Total Undiscounted financial assets	**4,41,063**	**6,39,362**	**5,60,044**	**10,57,731**	**28,41,063**	**8,96,586**	**13,04,097**	**77,39,946**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	20,742	-	-	-	-	-	-	**20,742**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings(Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,128	-	-	-	58	21	-	**21,207**
Total Undiscounted financial liabilities	**3,67,074**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,719**	**6,16,051**	**3,84,069**	**58,93,152**
Total net Undiscounted financial assets/(liabilities)	**73,989**	**3,17,977**	**17,153**	**70,768**	**1,66,344**	**2,80,535**	**9,20,028**	**18,46,794**

Note 45: Disclosures in connection with IND AS 116 - Leases

Part A
Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 ”Leases” and applied the Standard to all the lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right to use asset was created for an amount equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for the year ended March 31, 2019.

On transition, the adoption of the new standard has resulted in recognition of "lease liability of Rs. 11,904 lakhs and the ‘Right of Use’ asset of an equivalent amount, which has been discounted at 9% p.a. The effect of this adoption is insignificant on the profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in the cash outflows from financing activities on account of lease payments

The following is the summary of the practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognise right of use assets and liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligations recorded as of March 31, 2019 under Ind AS 17 and the value of lease liability as of April 1, 2019 under Ind AS 116 is primarily on account of cancellable leases.

Part B
Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the period ended September 30, 2019

Particulars - Buildings	**Amount (Rs. in lakhs)**
Opening Balance	11,905
Depreciation charge for the Period	(1,933)
Additions during the Period	1,877
Adjustment/Deletion	(834)
Closing Balance	**11,015**

(ii) Classification of current and non current liabilities of the lease liabilities as at September 30, 2019

Particulars	**Amount (Rs. in lakhs)**
Current liabilities	4,637
Non Current Liabilities	7,523
Total Lease liabilities	**12,160**

(iii) Movement in the carrying value of the Lease Liability for the period ended September 30, 2019

Particulars	**Amount (Rs. in lakhs)**
Opening Balance	11,905
Interest Expense	563
Lease Payments [Total Cash Outflow]	(2,185)
Additions during the year	1,877
Closing Balance	**12,160**

(iv) Contractual Maturities of Lease liability outstanding as at September 30, 2019

Particulars	**Amount (Rs. in lakhs)**
Less than one year	4,867
One to five Years	9,137
More than Five years	-
Total	**14,004**

Lease expenses relating to short term leases aggregated to Rs.1.23 lakhs during the period ended September 30, 2019.
Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12%.
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.

46. Events after reporting date

There have been no events after the reporting date that require disclosure in the financial statements.

47. Prior period information

Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation. The figures for the comparative period ended September 30, 2018 are unaudited and prepared by the Management.

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

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

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

Date : November 05, 2019
Place : Chennai

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cholamandalam Investment and Finance Company Limited

Opinion

We have audited the accompanying Interim Consolidated Ind AS financial statements of Cholamandalam Investment and Finance Company Limited ("Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the Interim Consolidated Balance Sheet as at September 30, 2019, and the Interim Consolidated Statement of Profit and Loss, including other comprehensive income, Interim Consolidated Cash Flow Statement and the Interim Consolidated Statement of Changes in Equity for the period then ended, and notes to the Interim Consolidated 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 Interim Consolidated Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the Interim Consolidated Balance Sheet, of the state of affairs of the Group as at September 30, 2019;

(b) in the case of the Interim Consolidated Statement of Profit and Loss, its profit including other comprehensive income, for the six-month period ended on that date;

(c) in the case of the Interim Consolidated Cash Flow Statement, of the cash flows for the six-month period ended on that date; and

(d) in the case of the Interim Consolidated Statement of Changes in Equity, of the changes in equity for the six-month period ended on that date.

Basis for Opinion

We conducted our audit of the Interim 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 Interim Consolidated Ind AS Financial Statements section of our report. We are independent of the Group 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 Companies Act, 2013 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 opinion on the Interim Consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Interim Consolidated Ind AS Financial Statements for the six months ended September 30, 2019. These matters were addressed in the context of our audit of the Interim 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 Interim Consolidated Ind AS Financial Statements section of our report, including in relation to

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Subramanian Suresh
Partner
Membership Number: 083673
UDIN: 19083673AAAABS5842
Place of Signature: Chennai
Date: November 5, 2019

these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Interim Consolidated Ind AS Financial Statements. The results of the audit procedures performed by us including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Interim Consolidated Ind AS Financial Statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment of Financial Assets based on Expected Credit Loss (‘ECL’)</u> <i>(as described in Note 11.1 of the Interim Consolidated Ind AS Financial Statements)</i></td></tr>
<tr><td>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- Financial Instruments.
As explained in Interim Consolidated Ind AS Financial Statements, 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.,
Note 11.1 to the Interim Consolidated Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.
As at September 30, 2019, the Group has made a provision for impairment loss aggregating Rs. 1,00,952 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances 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 an area of significance for our audit.</td><td>We gained an understanding of the Group’s key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition,
• We read and assessed the Group’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;
• We 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 and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date;
• Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company’s IT systems);
• Enquired with the management regarding significant judgments and estimates involved in the impairment computation;
• Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and
Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107.</td></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>Management places significant emphasis on the information systems and the controls and process around such information systems, the usage of information from such systems for the purpose of financial reporting.</td><td>In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting:</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
The Group has information technology applications which are used across various class of transactions in its operations including the automated and IT dependent manual controls that are embedded in them. Hence, our audit procedures have focus on IT systems and controls in them due the pervasive nature and complexity of the IT environment, operational volume across numerous locations daily and the reliance on automated and IT dependent manual controls.	• 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 / alternate procedures 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 39 of the Consolidated Ind AS Financial Statements)*	

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, Finance Act, 1994, Goods and Services Tax Acts and VAT Acts of various states.
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 September 30, 2019 the Group has an amount of Rs. 65,081 Lakhs involved in 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 an area of significance for our audit.
	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 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;

Key audit matters	How our audit addressed the key audit matter
	- 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 Consolidated Ind AS Financial Statements in accordance with Ind AS 37.

Management's Responsibility for the Interim Consolidated Ind AS Financial Statements

The Company's/Holding Company's Board of Directors is responsible for the preparation and presentation of these Interim Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Interim 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 Interim Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Interim Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

Our objectives are to obtain reasonable assurance about whether the Interim 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 interim 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 Interim Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the Group's internal control.

- 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 Group'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 Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Interim Consolidated Ind AS financial statements, including the disclosures, and whether the Interim Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the Interim 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 Interim Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Interim 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 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.

Other matters

- The accompanying Interim Consolidated Ind AS Financial Statements include the Unaudited Ind AS Financial Statements and other unaudited financial information in respect of two Subsidiaries, whose financial statements and other financial information reflect total assets of Rs. 12,144 Lacs. as at September 30, 2019, total revenues of Rs. 1,523 Lacs. and Net Cash inflows / outflows of Rs. 142 Lacs for the 6 months period then ended. These unaudited financial statements and other unaudited financial information have been furnished to us by the Management. The Interim Consolidated Ind AS Financial Statements also includes the Group's share of loss of Rs. 56 Lacs for the period ended September 30, 2019, as considered in the Interim Consolidated Ind AS Financial Statements, in respect of one Associate whose financial statements, other financial information has 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 these Subsidiaries and Associate, is based solely on such Unaudited Ind AS 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 is not modified in respect of this matter.

- The comparative financial information for the corresponding six months ended September 30, 2018 included in these Interim Consolidated Ind AS financial statements are based on information compiled by the Management and have not been audited.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Balance Sheet as at September 30, 2019

	Note No.	As at September 30, 2019	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	7	5,54,899	3,16,435
Bank balances other than cash and cash equivalents	8	77,139	54,411
Derivative financial instruments	9	13,272	8,869
Receivables	10		
i) Trade receivables		3,341	4,128
ii) Other receivables		4,362	3,908
Loans	11	55,69,461	52,61,077
Investments			
i) Associate	45	2,490	2,519
ii) Others	12	1,288	1,631
Other financial assets	13	31,771	13,896
		62,58,023	**56,66,874**
Non- Financial Assets			
Current tax assets (Net)		21,839	16,181
Deferred tax assets (Net)	14	38,558	46,012
Investment property	15	47	47
Property, plant and equipment	16	27,348	14,464
Intangible assets under development		1,032	1,397
Other intangible assets	17	2,184	2,220
Other non-financial assets	18	3,378	1,817
		94,386	**82,138**
TOTAL ASSETS		**63,52,409**	**57,49,012**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	9	1,260	841
Payables			
(I) Trade payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		21,653	23,145
(II) Other payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		6,846	12,894
Debt securities	19	13,28,090	14,18,431
Borrowings(Other than Debt securities)	20	38,56,945	32,12,375
Subordinated liabilities	21	4,05,313	4,25,868
Other financial liabilities	22	43,347	21,676
		56,63,454	**51,15,230**
Non-Financial Liabilities			
Provisions	23	8,541	7,466
Other non-financial liabilities	24	3,500	5,445
		12,041	**12,911**
Equity			
Equity share capital	25	15,644	15,642
Other equity	26	6,61,270	6,05,229
Total Equity		**6,76,914**	**6,20,871**
TOTAL LIABILITIES AND EQUITY		**63,52,409**	**57,49,012**

The accompanying notes are integral part of the financial statements

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

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

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Interim Consolidated Ind AS Statement of Profit and Loss for the Six months ended September 30, 2019

₹ in lakhs

	Note No.	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**
Revenue from Operations			
Interest income	27A	3,95,313	3,08,227
Net gain on derecognition of financial instruments under amortised cost category	35.1B	13,168	4,288
Fee & commission income	27B	12,862	11,242
Net gain on fair value change on financial instrument	27C	710	2,237
Sale of services	27D	3,697	8,516
Total Revenue from operations (I)		**4,25,750**	**3,34,510**
Other income (II)	28	26	59
Total Income (III) = (I) + (II)		**4,25,776**	**3,34,569**
Expenses			
Finance costs	29	2,26,444	1,65,176
Impairment of financial instruments	30	20,469	15,958
Employee benefits expense	31	34,132	30,116
Depreciation and amortisation expense	15, 16 & 17	5,115	2,617
Other expenses	32	38,821	31,875
Total Expenses (IV)		**3,24,981**	**2,45,742**
Profit before tax (V) = (III) - (IV)		**1,00,795**	**88,827**
Tax expense/(benefit)	34		
Current tax			
Pertaining to profit for the current period		28,926	33,793
Adjustment of tax relating to earlier periods		15	-
Deferred tax	14	9,614	(2,902)
Net tax expense (VI)		38,555	30,891
Profit for the period - A = (V) - (VI)		**62,240**	**57,936**
Share of loss from associate (net of tax)	45	(29)	
Profit for the period		**62,211**	**57,936**
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)	36	(381)	(325)
Income tax impact		96	110
Net (Loss) / gain on equity instruments designated at FVOCI for the year		(345)	(324)
Income tax impact		7	1
ii)Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve	46.8	(4,547)	2,864
Income tax impact		2,081	(880)
Other comprehensive income/(loss) net of tax for the period (B)		**(3,089)**	**1,446**
Total Comprehensive Income net of tax (A) + (B)		**59,122**	**59,382**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Statement of Profit and Loss for the Six months ended September 30, 2019

₹ in lakhs

	Note No.	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**
Profit for the period attributable to :			
Equity holders of the Parent Company		62,211	58,083
Non-Controlling Interest		-	(147)
Other Comprehensive Income (net of tax) for the period attributable to :			
Equity holders of the Parent Company		(3,089)	1,446
Non-Controlling Interest		-	
Total Comprehensive Income for the period attributable to :			
Equity holders of the Parent Company		59,122	59,529
Non-Controlling Interest		-	(147)
Earnings per equity share of ₹ 2 each	33		
Basic (₹)		7.96	7.41
Diluted (₹)		7.95	7.40

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**

Arun Alagappan
Executive Director

M M Murugappan
Chairman

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

Date : November 5, 2019
Place : Chennai

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Statement of Changes in Equity for the Six months ended September 30, 2019

a) Equity Share Capital

	₹ in lakhs
Balances as on April 1, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	15,643
Add: Issue of share capital	1
Balances as on September 30, 2019	15,644

b)Other Equity (Refer Note 26)

₹ in lakhs

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total attributable to equity holders
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Opening Balance as at April 01, 2019	**-**	**1,06,046**	**4**	**3,300**	**1,66,850**	**2,50,967**	**76,848**	**1,861**	**561**	**(1,208)**	**6,05,229**
Profit for the year							62,211				**62,211**
Remeasurement of defined benefit plans and fair value change							(285)				**(285)**
Total comprehensive income for the year, net of income tax									(341)	(2,466)	**(2,807)**
Dividend including DDT							(3,770)				**(3,770)**
Addition during the year	4				34			654			**692**
Closing balance as at September 30, 2019	**4**	**1,06,046**	**4**	**3,300**	**1,66,884**	**2,50,967**	**1,35,004**	**2,515**	**220**	**(3,674)**	**6,61,270**

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total attributable to equity holders
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Opening Balance as at April 01, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,680**	**1,90,967**	**53,760**	**1,046**	**1,180**	**(2,077)**	**4,96,906**
Profit for the year							58,083				**58,083**
Remeasurement of defined benefit plans and fair value change							(215)				**(215)**
Total comprehensive income for the year, net of income tax									(323)	1,984	**1,661**
Addition during the year					120			321			**441**
Dividend including DDT							(3,770)				**(3,770)**
Utilisation of securities premium											**-**
Others	-	-	-	-	-	-	695	-	-	-	**695**
Closing balance as at September 30, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,800**	**1,90,967**	**1,08,553**	**1,367**	**857**	**(93)**	**5,53,801**

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

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

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Ind-AS Consolidated Cash Flow Statement for the six months ended September 30, 2019

₹ in lakhs

Particulars	six months ended September 30, 2019		six months ended September 30, 2018	
Cash Flow from Operating Activities				
Profit Before Tax		**1,00,795**		**88,827**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	5,115		2,617	
Impairment of financial instruments	20,469		15,958	
Finance Costs	2,26,444		1,65,163	
Loss on Sale of Property plant and equipment (Net)	14		14	
Net gain on fair value change in financial instruments	(710)		(2,237)	
Interest Income on bank deposits	(12,834)		(2,711)	
Dividend on Investments	(16)		(20)	
Share based payment expense	658		318	
		2,39,140		1,79,102
Operating Profit Before Working Capital Changes		**3,39,935**		**2,67,929**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
Loans	(5,48,204)		(5,14,871)	
Trade Receivables	333		5,290	
Other Financial Assets	(17,875)		(2,308)	
Other Non Financial Assets	(1,572)	(5,67,318)	(1,526)	(5,13,415)
Proceeds from de-recognition of financial assets recognised at amortised cost		2,19,339		43,969
Increase/(Decrease) in operating liabilities & Provisions				
Payables	(7,921)		(2,366)	
Other Financial liabilities	9,623		(2,031)	
Provisions	1,075		327	
Other NonFinancial liabilities	(1,111)	1,666	(72)	(4,142)
Cash Flow used in Operations		(6,378)		(2,05,659)
Finance Costs paid	(2,28,636)		(1,73,910)	
Interest Received on Bank Deposits and Other Investments	8,776		2,328	
Dividend received	16		20	
		(2,19,844)		(1,71,562)
		(2,26,222)		(3,77,221)
Income tax paid (Net of refunds)		(34,547)		(28,400)
Net Cash Used in Operating Activities (A)		**(2,60,769)**		**(4,05,621)**
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(4,224)		(2,673)	
Proceeds from Sale of Property, Plant and Equipment	37		58	
Movement in investments (net)	690		2,237	
Net Cash Used in Investing Activities (B)		**(3,497)**		**(378)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		36		123
Payment of Lease liabilities		(2,218)		-
Proceeds from issue of debt securities	11,60,136		9,53,440	
Redemption of Debt securities	(12,38,104)		(7,34,285)	
Borrowing - Other than debt securities	19,05,126		14,31,113	
Repayment of borrowing - Other than debt securities	(12,77,805)		(8,27,379)	
Proceeds from issue of subordinated liabilities	-		51,500	
Repayment of subordinated liabilities	(22,000)		(17,650)	
		5,27,353		8,56,739
Investment in Bank Fixed Deposits (Net of withdrawals)		(19,205)		966
Dividends Paid (Including Distribution Tax)		(3,771)		(3,764)
Net Cash Flow From Financing Activities (C)		**5,02,195**		**8,54,064**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**2,37,929**		**4,48,065**
Cash and Cash Equivalents at the Beginning of the year		3,16,158		29,969
Cash and Cash Equivalents at the End of the year		**5,54,087**		**4,78,034**

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

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

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

Date : November 5, 2019
Place : Chennai

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

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 Interim consolidated Ind AS financial statements are presented in INR which is also functional currency of the Group.

2. Basis of Consolidation

The Interim 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 Interim consolidated Ind AS financial statements for the six months ended September 30, 2019 have been prepared in accordance with Ind AS 34. "Interim Financial Reporting". The Interim consolidated Ind AS financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

The Interim 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 Interim consolidated Ind AS financial statements comprise the financial statements of the Company, its subsidiaries (being the entity that it controls) and its Associate as at September 30, 2019. 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., half year ended on September 30.

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 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.

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	
	September 30, 2019	March 31, 2019
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Home Finance Limited (CHFL) (formerly known as Cholamandalam Distribution Services Limited	100.00%	100.00%
White Data Systems India Private Limited	30.87%	30.87% from Oct 2018 (63.00% up to Sep 2018)

3B Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equal or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4. Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

5. Significant accounting policies

5.1 Financial instruments – initial recognition

5.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

5.1.2 Initial measurement of financial instruments

All financial instruments are recognised initially at fair value, including transaction costs that are attributable to the acquisition of financial instrument, except in the case of financial instruments which are FVTPL (Fair value through profit and loss),where the transaction costs are charged to the statement of profit and loss.

5.1.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVTPL
- FVOCI

5.1.4 Financial assets and liabilities

5.1.5 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures *Bank balances, Loans,* and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

5.1.6 Business model assessment

The Group determines its business model at the level that best reflects how it manages Group's of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

5.1.7 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

5.1.8 Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI (Other Comprehensive Income). Equity instruments at FVOCI are not subject to an impairment assessment.

5.1.9 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

5.1.10 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

5.1.11 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities during the reporting period.

5.2 Derecognition of financial assets and liabilities

5.2.1 Derecognition of financial assets other than due to substantial modification

5.2.1.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- ▸ The Group has transferred its contractual rights to receive cash flows from the financial asset

  Or

  It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities when all of the following three conditions are met:

- ▸ The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- ▸ The Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

  Or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

5.2.1.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.3 Impairment of financial assets

5.3.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in these notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3:

Loans that has been credit-impaired are based on the following, for which it records an allowance for the LTECLs.

a) Contractual payments of either principal or interest are past due for more than 90 days;

b) The loan is considered to be in default by the management.

The calculation of ECLs

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provision.

5.3.2 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

5.4 Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the company from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans and in certain cases, also exercises its right over property through legal procedures which include seizure of property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Group's accounting policy, repossessed assets are not recorded in the balance sheet, and instead their estimated realisable value is considered in determining the ECL allowance for the related Stage 3 financial assets.

5.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument in the consolidated statement of profit and loss.

5.6 Restructured, rescheduled and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Group considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

5.7 Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

5.7.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss

5.8 Recognition of interest income

5.8.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (‘EIR’) method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan. Interest income on Stage 3 loans is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

5.9 Taxes

5.9.1 Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

5.9.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the *timing* of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.9.3 Minimum Alternative Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

5.10 Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group’s estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

5.11 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is similar to those provided under Schedule II. Land is not depreciated.

Useful life of assets which is same as those prescribed as per Schedule II of the Companies Act, 2013:

Asset description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Other Equipment	5 years
Leasehold improvements	Lease period or 5 years whichever is lower

Useful life of assets based on Management's assessment (supported by technical evaluation):

Asset description	Estimated Useful Life
Furniture and Fixtures *	5 years
Vehicles *	5 years
Membership card of stock exchanges	10 years

* Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

5.12 Intangible assets

The Group's other intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight line basis over a 3 year period or the license period whichever is lower. The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

5.13 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5.14 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Employees' State Insurance: The Group contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Superannuation: The Group contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India ("LIC"). The Group has no liability for future Superannuation Fund benefits other than its contribution and recognizes such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

The Group makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- ► The date of the plan amendment or curtailment, and

The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- ► Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ► Net interest expense or income.

5.15 Share Based Payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

5.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

5.16.1 Provision for Claw Back of Commission Income

The estimated liability for claw back of commission income is recorded in the period in which the underlying revenue is recognised. These estimates are established using historical information on the nature, frequency and expected average cost of claw back and management estimates regarding possible future incidence. The estimates used for accounting of claw back claims are reviewed periodically and revisions are made as required.

5.17 Dividends on ordinary shares

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013 in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

5.18 Determination of Fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments**–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- **Level 3 financial instruments** –Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

5.19 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

5.19.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

5.19.2 Fee Income & Sale of Services

a) Fee income from loans are recognised upon satisfaction of following:
  i) Completion of service
  ii) and realisation of the fee income.
b) Servicing and collections fees on assignment are recognised upon completion of service.
c) Advertising income is recognised over the contract period as and when related services are rendered.
d) Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

5.20 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group’s right to receive the payment is established, 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, and when there is no uncertainty in availing / utilising the same. Group can avail 50% of the input credit as per the applicable regulatory laws hence it charges off the balance 50% to the respective expenses.

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.

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.

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.

5.29 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.

5.29.1 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.

5.29.2 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

5.29.3 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

It has been the Group’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.29.4 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.

5.29.5. Business Model Assessment.

The Group from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the business model for managing its financial assets its financial assets becomes a critical judgement. Refer Note 5.1.6 for related details.

6. Goodwill recognised at the time of acquisition of other entities

This represents the goodwill recognised on the acquisition of subsidiary – White Data Systems India Private Limited. The aggregate values of the same are not significant. The Group believes that the carrying amount of the goodwill is recoverable.

Note : 7 CASH AND CASH EQUIVALENTS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Cash on hand	4,171	4,997
Balances with banks		
- In Current Accounts	1,11,286	35,075
- In Deposit Accounts - Original maturity 3 months or less	4,33,662	2,68,762
Cheques, drafts on hand	4,968	7,324
On other bank balances		
- On client and exchange related accounts & other deposits	812	277
Total	**5,54,899**	**3,16,435**
Cash and cash equivalents	5,54,899	3,16,435
Less: Other bank balances	812	277
Cash and cash equivalents for cashflow purpose	5,54,087	3,16,158

Note 8 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
- In Deposit Accounts - Original maturity more than 3 months including interest accrued	30,948	1,521
- Non current bank balances	828	819
- In earmarked accounts		
- In Unpaid Dividend Accounts	67	68
- Deposits with Banks as collateral towards securitisation loan	45,288	51,995
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**77,139**	**54,411**

Note 9 : DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30th September 2019			**As at 31st March 2019**		
Part I	**Notional amounts**	**Fair Value - Assets**	**Fair Value - Liabilities**	**Notional amounts**	**Fair Value - Assets**	**Fair Value - Liabilities**
(i)Other derivatives - Cross Currency Interest Rate Swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Cash flow hedging:						
Others - Cross currency interest rate swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction represents Currency and Interest Rate Swaps. The Group undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

Note: 10 RECEIVABLES

Particulars	**As at September 30,2019**	**As at March 31,2019**
(i)Trade Receivables		
Considered Good*	3,341	4,128
Subtotal (i)	**3,341**	**4,128**
(ii)Other Receivables		
Considered Good*	4,362	3,908
Subtotal (ii)	**4,362**	**3,908**
Total (i)+(ii)	**7,703**	**8,036**

*Includes dues from related parties. Refer note 38

Of the above, receivables amounting to Rs. 1,987 lakhs (Previous year - Rs. 3,210 lakhs) have been secured against the lien of securities, which are underlying the transaction.

Note : 11 LOANS
(At amortised cost)

Particulars		As at September 30, 2019	As at March 31, 2019
(A)(i) Bills Discounted		9,720	8,841
(ii) Term loans		56,60,693	53,45,307
	Total (A) Gross	**56,70,413**	**53,54,148**
Less: Impairment Allowance for (i) & (ii)		(1,00,952)	(93,071)
	Total (A) Net	**55,69,461**	**52,61,077**
(B)(i) Secured by tangible assets		56,27,868	53,03,106
(ii) Unsecured		42,545	51,042
	Total (B) - Gross	**56,70,413**	**53,54,148**
Less: Impairment Allowance		(1,00,952)	(93,071)
	Total (B) - Net	**55,69,461**	**52,61,077**

All loans are in India and have been granted to individuals or entities other than public sector.

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property.

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:

Particulars	As at September 30, 2019	As at March 31, 2019
Loan - Oustanding Value		
White Data System India Private Limited - Associate	340	340
Impairment Provision		
White Data System India Private Limited - Associate	-	-

₹ in lakhs

Note : 11.1 LOANS

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

	Gross Carrying amount				Impairment allowance			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Bill discounted								
Opening as on April 1, 2019	5,348	40	3,453	8,841	13	3	3,157	3,173
New assets originated / Increase in existing assets (Net)	6,297	179	-	6,476	46	19	-	65
Exposure de-recognised / matured / repaid	(5,349)	(39)	(209)	(5,597)	(13)	(3)	(165)	(181)
Transfer to Stage 3								-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	54	54
Closing as on September 30, 2019	**6,296**	**180**	**3,244**	**9,720**	**46**	**19**	**3,046**	**3,111**
Term loans								
Opening as on April 1, 2019	49,97,112	2,07,102	1,41,093	53,45,307	24,641	18,832	46,425	89,898
New assets originated / Increase in existing assets (Net)	15,50,509	8,303	1,685	15,60,497	5,345	717	702	6,764
Exposure de-recognised / matured / repaid	(11,42,233)	(69,354)	(24,384)	(12,35,971)	(17,419)	(4,027)	(349)	(21,795)
Transfer to Stage 1	53,139	(48,221)	(4,918)	-	5,589	(4,387)	(1,202)	-
Transfer to Stage 2	(2,03,342)	2,06,195	(2,853)	-	(919)	1,707	(788)	-
Transfer to Stage 3	(31,962)	(34,939)	66,901	-	(142)	(3,410)	3,552	-
Impact on account of exposures transferred during the period between stages	148	668	1,336	2,152	-	13,728	13,047	26,775
Impact of changes on items within the same stage	-	-	3,511	3,511	-	-	1,359	1,359
Write off	(5,069)	(4,412)	(5,322)	(14,803) -	(82)	(1,365)	(3,713)	(5,160)
Closing as on September 30, 2019	**52,18,302**	**2,65,342**	**1,77,049**	**56,60,693**	**17,013**	**21,795**	**59,033**	**97,841**
Bills Discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,024)	(780)	(147)	(10,951)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,348**	**40**	**3,453**	**8,841**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,56,838	1,95,115	1,46,120	42,98,073	19,812	20,693	44,396	84,901
New assets originated / Increase in existing assets (Net)	27,37,274	28,031	5,332	27,70,637	8,880	2,848	1,867	13,595
Exposure de-recognised / matured / repaid	(15,27,990)	(1,13,191)	(55,853)	(16,97,034)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938) -
Closing as on March 31, 2019	**49,97,112**	**2,07,102**	**1,41,093**	**53,45,307**	**24,641**	**18,832**	**46,425**	**89,898**

ECL across stages have been computed on collective basis.

Note : 12 INVESTMENTS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Investment in Equity Instruments*		
a) Unquoted - FVOCI **		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up#	-	-
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up#	-	-
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up#	-	-
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each: cost ₹ 50 only#	-	-
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	2	2
Faering Capital India Evolving Fund 29,037 units (as on March 31, 2019 - 30,781 units) of ₹10 each fully paid up	428	516
b) Quoted - FVOCI		
Bombay Stock Exchange Limited 65,000 Equity shares of ₹ 1 each fully paid up	368	398
Madras Enterprises Limited 2,85,000 Equity shares of ₹ 1 each fully paid up#	-	-
Coromandel Engineering Co. Ltd 25,00,100 Equity shares of ₹ 10 each fully paid up	450	715
c) Investment in mutual funds - FVTPL		
ICICI Prudential Liquid fund - Short term plan - growth (14,059 units at Rs 285.57 each)	40	-
Total	**1,288**	**1,631**

*Investments are made in India
** The Group has designated certain unquoted investments as FVOCI on the basis that these are not held for trading.
# represents amount less than Rs 1 lakh.

Note: 13 OTHER FINANCIAL ASSET

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
At amortised cost		
Unsecured - considered good (unless otherwise stated)		
Security deposits	4,245	3,298
Interest only strip receivable*	21,804	9,062
Other advances	5,722	1,536
Total	**31,771**	**13,896**

* Net of ECL amounting to Rs.1,235 lakhs (March 31, 2019 - Rs 1,000 Lakhs)

Note 14: Deferred Tax

Particulars	As at September 30, 2019	As at March 31, 2019
Deferred Tax Assets		
Impairment allowance for financial instruments	25,575	32,430
Provision for Contingencies and undrawn commitments	998	1,379
Provision for Claw back	1	5
Provision for Compensated Absences and Gratuity	1,156	1,280
Impact of Effective interest rate adjustment on Financial Assets	7,506	9,761
Contract liability as per IND AS 115	641	995
Depreciation	725	671
Carry forward of tax losses	260	299
MAT credit entitlement	318	327
Items recognised in OCI	1,514	-
Others	384	376
(A)	**39,078**	**47,523**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	520	856
Items recognised in OCI	-	655
(B)	**520**	**1,511**
Net Deferred Tax Assets (A) - (B)	**38,558**	**46,012**

Particulars	Six months ended September 30, 2019		Six months ended September 30, 2018	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	6,855	-	(1,866)	-
Provision for Contingencies and undrawn commitments	381	-	10	-
Provision for Claw back	4	-	5	-
Provision for Compensated Absences and Gratuity	124	-	180	-
Impact of Effective interest rate adjustment on Financial Assets	2,255	-	(1,777)	-
Contract liability as per IND AS 115	354	-	-	-
Depreciation	(54)	-	-	-
Carry forward of tax losses	39	-	75	-
Others	(8)	-	50	-
(A)	**9,950**	**-**	**(3,323)**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	336	-	164	-
Gain on de-recognition of loans	-	-	(702)	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	96	-	(111)
Net (Loss)/gain on equity instrument designated at FVOCI	-	7	117	-
Cashflow Hedge Reserve	-	2,081	-	880
	-			
(B)	**336**	**2,184**	**(421)**	**769**
Net deferred tax charge / (reversal) (A) - (B)	**9,614**	**(2,184)**	**(2,902)**	**(769)**

The deferred tax charge to the profit and loss account for the six months period ended September 30, 2019 of Rs 9,614 lakhs includes a remeasurement of the deferred tax assets as at March 31, 2019 at the substantively enacted tax rate pursuant to the Taxation Laws (Amendment) Ordinance 2019 promulgated on September 20, 2019, where the Company has exercised the option permitted Under Section 15BAA of the Income Tax Act, 1961 to compute the income tax at the revised rate (25.17%) from the current reporting period. The additional tax expense for the six months ended September 30, 2019 on account of this remeasurement of the deferred tax asset as at March 31, 2019 amounts to Rs. 12,673 lakhs.

Note 15 INVESTMENT PROPERTIES

₹ in lakhs

Particulars	
Gross carrying amount as at April 1, 2018	**5**
Additions*	**42**
Disposals	**-**
Gross carrying amount as at March 31, 2019	**47**
Additions	**-**
Disposals	**-**
Gross carrying amount as at September 30, 2019	**47**
Accumulated depreciation and impairment	
Balance as at April 1, 2018	**-**
Depreciation for the year	**-**
Depreciation on disposals	**-**
Balance as at March 31, 2019	**-**
Depreciation for the period	**-**
Depreciation on disposals	**-**
Balance as at September 30, 2019**	**-**
Net Carrying amount	
As at March 31, 2019	**47**
As at June 30, 2019	**47**
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 September 30, 2019
*Additions represents transfer from Property, plant and equipments.
** represents amount less than Rs 100,000

₹ in lakhs

i) Income earned and expense incurred in connection with Investment Property

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Rental Income	9	14
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generated rental income	-	-

ii) Contractual obligations
There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements
Certain investment properties are leased out to tenants under cancellable operating lease.

₹ in lakhs

iv) Fair Value	As at September 30, 2019	As at March 31, 2019
Investment Property	317	287

v) Sensitivity analysis

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair Value (Rs in Lakhs)	Sensitivity (Rs in Lakhs)
Investment property As at September 30, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	317	16
Investment property As at March 31, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	287	14

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 16 - PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below)		Total
							Own Assets	Right of Use Asset	
Gross carrying amount as at April 1, 2018	**3,956**	**3,778**	**1,638**	**1,375**	**2,909**	**1,085**	**2,575**	**-**	**17,316**
Additions	-	1,997	567	484	801	592	-		4,441
Disposals	-	152	63	64	122	401	42		844
Gross carrying amount as at March 31, 2019	**3,956**	**5,623**	**2,142**	**1,795**	**3,588**	**1,276**	**2,533**	**-**	**20,913**
Additions		1,909	391	411	748	351		13,432	17,242
Disposals		91	36	5	111	119			362
Gross carrying amount as at September 30, 2019	**3,956**	**7,441**	**2,497**	**2,201**	**4,225**	**1,508**	**2,533**	**13,432**	**37,793**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2018	**-**	**1,283**	**464**	**646**	**696**	**38**	**48**	**-**	**3,175**
Depreciation for the year		1,757	465	480	757	327	48		3,834
Depreciation on disposals		77	43	57	108	275	-		560
Balance as at March 31, 2019	**-**	**2,963**	**886**	**1,069**	**1,345**	**90**	**96**	**-**	**6,449**
Depreciation for the period		1,016	279	365	488	171	24	1,960	4,303
Depreciation on disposals		91	31	4	107	74			307
Balance as at September 30, 2019	**-**	**3,888**	**1,134**	**1,430**	**1,726**	**187**	**120**	**1,960**	**10,445**
Net Carrying amount									
As at March 31, 2019	**3,956**	**2,660**	**1,256**	**726**	**2,243**	**1,186**	**2,437**	**-**	**14,464**
As at September 30, 2019	**3,956**	**3,553**	**1,363**	**771**	**2,499**	**1,321**	**2,413**	**11,472**	**27,348**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation		Straight-line method							

Note

1. Details of Immovable properties of land and buildings, whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security, has been explained in Note 19.1
2. Disposal represents transfer to Investment property.
3. The 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.
4. Refer Note 49 for disclosures relating to ROU assets.

Note:17 INTANGIBLE ASSETS ₹ in lakhs

Particulars	Computer Software
Deemed cost as at April 1, 2018	**3,596**
Additions	1,992
Disposals	111
Gross carrying amount as at March 31, 2019	**5,477**
Additions	776
Disposals	
Gross carrying amount as at September 30, 2019	**6,253**
Accumulated Amortization and impairment	
Balance as at April 1, 2018	**1,393**
Amortization for the year	1,864
Amortization on disposals	**-**
Balance as at March 31, 2019	**3,257**
Amortization for the period	812
Amortization on disposals	
Balance as at September 30, 2019	**4,069**
Net Carrying amount	
As at March 31, 2019	**2,220**
As at September 30, 2019	**2,184**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

Note: 18 OTHER NON FINANCIAL ASSETS ₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Unsecured - considered good		
Prepaid expenses	2,748	1,195
Capital advances	213	224
Other assets	417	398
Total	**3,378**	**1,817**

Note : 19 DEBT SECURITIES (at amortised cost)

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	7,79,160	10,54,445
Commercial Papers - Unsecured	5,48,930	3,63,986
Total	**13,28,090**	**14,18,431**

All debt securities in India

19.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property situated at Ahmedabad and Chennai.

(ii) The Group has not defaulted in the repayment of dues to its lenders.

(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 19.2 based on the Contractual terms.

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 %
		September 30, 2019	**March 31, 2019**		
		₹ in lakhs			
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	15,000	Apr-24	8.62
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	35,230	Sep-21	8.45
1,250	10,00,000	12,500	-	Aug-21	8
2,550	10,00,000	25,500	25,500	Jul-21	9.06
4,010	10,00,000	40,100	20,000	Jun-21	8.49 to 8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.0874
600	10,00,000	6,000	6,000	Feb-21	9.09
1,350	10,00,000	13,500	-	Jan-21	8.11
3,500	10,00,000	35,000	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	48,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.11 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
9,850	10,00,000	98,500	98,500	Feb-20	7.97 to 8.85
5,500	10,00,000	55,000	55,000	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	-	58,500	Sep-19	8.06 to 8.46
2,250	10,00,000	-	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	-	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	-	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	-	67,500	May-19	8.03 to 9.20
1,100	10,00,000	-	11,000	Apr-19	8.00 to 9.20
		6,67,990	**8,81,890**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		September 30, 2019	**March 31, 2019**			
		₹ in lakhs				
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	11,500	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	-	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	-	800	Jul-19	12,98,729	2,98,729
500	10,00,000	-	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	-	800	Apr-19	13,08,150	3,08,150
250	10,00,000	-	2,500	Apr-19	13,13,730	3,13,730
		67,900	**84,500**			

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

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Put option date	Rate of interest %
		September 30, 2019	**March 31, 2019**			
		₹ in lakhs				
15	10,00,000	150	150	Mar-21	Feb-20	8.85
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		250	**250**			

Note : 20 BORROWINGS (Other than Debt Securities) at amortised cost

Particulars	As at September 30, 2019	As at March 31, 2019
A)Term Loans		
(i)(a)From Banks - Secured		
- Rupee Loans	26,65,869	21,62,592
- Foreign currency Loans	2,06,787	2,00,467
- External Commercial Borrowings	2,25,560	34,629
(b) From Banks - Unsecured		
- Rupee Loans	1,32,500	50,000
ii) From Other Parties - Secured		
(a) Financial Institutions - Rupee Loans	79,385	93,481
(b) Securitisation - Rupee Loans	5,27,276	5,49,261
B) Loan repayable on demand - Secured		
from Banks - Rupee Loans	19,568	1,21,945
Total	**38,56,945**	**32,12,375**
Borrowings within India	36,31,385	31,77,746
Borrowings Outside India	2,25,560	34,629

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.

(v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 20.2 based on the Contractual terms.

20.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			September 30, 2019	March 31, 2019
Base Rate / MCLR	< 1year	1	1,25,000	21,000
		2	76,667	-
		3	37,500	12,000
		4	16,250	20,000
	1 - 2 years	1	45,000	60,000
		2	43,334	-
		4	6,250	60,000
	2 - 3 years	1	35,000	40,000
		2	43,334	-
		3	-	15,000
		4	6,250	-
	3 - 4 years	2	29,791	-
		6	-	1,00,000
		16	-	25,000
	4 - 5 years	2	10,000	-
		6	-	80,000
Base Rate/ MCLR + spread (0.05% to 2.75%)	< 1year	1	95,000	52,000
		2	32,500	-
		3	56,250	-
		4	38,750	-
	1 - 2 years	1	7,03,750	3,10,000
		2	36,667	-
		4	3,51,250	50,000
	2 - 3 years	1	1,89,167	5,20,000
		2	59,167	-
		3	18,750	-
		4	1,57,500	1,00,000
		8	-	1,00,000
	3 - 4 years	1	1,12,500	1,00,000
		2	1,00,001	-
		4	57,500	-
		6	12,500	-
	4- 5 years	1	31,665	-
		2	36,667	-
		6	25,000	-
		10	-	1,00,000
		20	-	3,00,000
Rate based on T Bill + Spread	< 1 year	1	39,400	5,000
		3	5,002	-
	1 - 2 years	1	34,400	20,000
		3	-	3,000
		4	25,000	-
		5	-	8,334
	2 - 3 years	1	14.400	-
		4	25,000	-
	3 - 4 years	3	-	28,200
		4	-	-
Fixed Rate	< 1year	1	-	74,000
		4	28,000	-
	1 - 2 years	4	28,000	-
	2 - 3 years	4	16,000	-
		10	-	30,000
	3 - 4 years	2	7,000	-
		16	-	63,000
	4 - 5 years	1	-	-
3Months Repo	2 - 3 years	1	30,000	30,000
Total			**28,41,162**	**23,26,534**
USD 2Y MIBOR + Spread	< 1year	1	4,000	-
	1-2 years	1	-	4,000
USD 3M LIBOR + Spread	1-2 years	5	-	20,000
USD 6M LIBOR + Spread	< 1year	1	1,71,500	1,47,500
		4	16,667	-
	2-3 years	1	1,60,135	34,650
	4 - 5 years	1	64,238	-
Total			**4,16,540**	**2,06,150**

Details of Securitised loan		**Amount outstanding***	
Rate of Interest	**Maturity**	**September 30, 2019**	**March 31, 2019**
	Less than 1 year	1,96,847	1,90,854
Fixed	1-2 year	1,30,379	1,26,195
(6.1% to 8.5%)	2-3 year	56,956	56,971
	3-4 year	14,641	13,886
	4-5 year	6,130	6,506
	more than 5 years	21,065	26,700
Total		**4,26,018**	**4,21,112**
	Less than 1 year	8,054	11,287
Floating	1-2 year	8,591	11,921
Base Rate/ MCLR - spread	2-3 year	9,109	12,280
(0.75% to 2.65%)	3-4 year	9,719	12,060
	4-5 year	10,170	12,319
	more than 5 years	54,473	66,786
Total		**1,00,116**	**1,26,653**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

20.3 Loan repayable on demand represents cash credit and overdraft facilities

Note : 21 SUBORDINATED LIABILITIES (at amortised cost)

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Perpetual Debt - Unsecured	1,48,186	1,44,179
Subordinated Debt - Unsecured	2,57,127	2,81,689
Total	**4,05,313**	**4,25,868**

(i) All Subordinated liabilities have been contracted in India
(ii) The Group has not defaulted in the repayment of dues to its lenders.
(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 21.1 based on the Contractual terms.

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		Due date of redemption	Rate of interest %
		September 30, 2019	**March 31, 2019**		
		₹ in lakhs			
3000	10,00,000	30,000	30,000	Aug-28	9.75
5300	10,00,000	53,000	53,000	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	-	7,000	Jun-19	11.40
1,500	10,00,000	-	15,000	May-19	11.70 to 11.75
r					
		2,46,650	**2,68,650**		

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

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		September 30, 2019	**March 31, 2019**			
		₹ in lakhs				
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 **September 30, 2019** **₹ in lakhs**	**March 31, 2019**	Maturity Date - Perpetual	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
1120	5,00,000	5,600	5,600	Mar-29	10.83
5000	5,00,000	25,000	25,000	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,40,670	**1,40,670**		

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

₹ in lakhs

Note : 22 OTHER FINANCIAL LIABILITIES

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Unpaid dividend	67	68
Advance from customers	2,413	1,991
Security deposits received	227	221
Collections towards derecognised assets pending remittance	15,283	4,607
Other liabilities	12,730	14,789
Lease liability (Refer Note 49)	12,627	-
Total	**43,347**	**21,676**

Note : 23 PROVISIONS

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Provision for Employee Benefits		
Compensated absences	4,576	3,578
	4,576	3,578
Other Provisions		
Provision for contingencies and service tax claims (Refer note 40)	3,837	3,837
Provision for expected credit loss towards undrawn commitments (Refer note 40)	128	51
	3,965	3,888
Total	**8,541**	**7,466**

Note : 24 OTHER NON FINANCIAL LIABILITIES

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Deferred rent	-	834
Income received in advance	2,003	2,303
Statutory liabilities	1,497	2,308
Total	**3,500**	**5,445**

₹ in lakhs

NOTE 25 ; EQUITY SHARE CAPITAL*	As at September 30, 2019		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	1,20,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**
ISSUED				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	78,25,29,275	15,651	15,64,95,867	15,650
		15,651		**15,650**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	78,18,45,505	15,637	15,63,59,113	15,636
Add : Forfeited Shares	6,54,500	7	1,30,900	6
		15,644		15,642
		15,644		**15,642**

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

	As at September 30, 2019		As at March 31, 2019	
Equity Shares	Nos.	Amount	Nos.	Amount
At the beginning of the period	15,63,59,113	15,636	15,63,31,371	15,633
Additional shares pursuant to share split during the period	62,54,36,452	-	-	-
Issued during the year - Employees Stock Option (ESOP) Scheme	49,940	1	27,742	3
Outstanding at the end of the period/ year	**78,18,45,505**	**15,637**	**15,63,59,113**	**15,636**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**1,30,900**	**7**

Terms/rights attached to Equity shares
The Company has only one class of equity shares having a par value of ₹ 2 (March 2019 - ₹10) per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

b) Equity Shares held by Holding Company

	As at September 30, 2019	As at March 31, 2019
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited")- Holding Company	36,35,40,095	7,25,33,019

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

	As at September 30, 2019		As at March 31, 2019	
Equity Shares	Nos.	% holding in the class	Nos.	% holding in the class
Cholamandalam Financial Holdings Limited - Holding Company	36,35,40,095	46.50	7,25,33,019	46.39

* During the current period, shares of face value of Rs 10/- each have been split into 5 equity shares of face value of Rs 2/- each

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

₹ in lakhs

NOTE 26: OTHER EQUITY	**As at September 30,2019**	**As at March 31,2019**
Statutory Reserve (Refer Note a)		
Balance at the beginning of the period	1,06,046	82,046
Add: Amount transferred from retained earnings	-	24,000
Closing balance at the end of the period	**1,06,046**	**1,06,046**
Capital Reserve (Refer Note b)		
Balance at the beginning of the period	4	4
Add: Changes during the period	-	-
Closing balance at the end of the period	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the period	3,300	3,300
Add: Changes during the period	-	-
Closing balance at the end of the period	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the period	1,66,850	1,66,680
Add: Premium on ESOPs exercised	34	170
Closing balance at the end of the period	**1,66,884**	**1,66,850**
General Reserve (Refer Note e)		
Balance at the beginning of the period	2,50,967	1,90,967
Add: Amount transferred from retained earnings	-	60,000
Closing balance at the end of the period	**2,50,967**	**2,50,967**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the period	1,861	1,046
Addition during the period	654	815
Closing balance at the end of the period	**2,515**	**1,861**
Retained Earnings (Refer Note g)		
Balance at the beginning of the period	76,848	53,760
Profit for the period	62,211	1,19,806
Less:		
Dividend		
Equity - Final	(3,127)	(3,127)
Equity - Interim	-	(7,036)
Distribution tax on Equity Dividend	(643)	(2,089)
Transfer to Statutory Reserve	-	(24,000)
Transfer to General Reserve	-	(60,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligation (Net) transferred to Retained Earnings	(287)	(466)
Closing balance at the end of the period	**1,35,002**	**76,848**
Cashflow hedge reserve (Refer Note h)		
Balance at the beginning of the period	(1,208)	(2,077)
Addition	(2,467)	869
Closing balance at the end of the period	**(3,675)**	**(1,208)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the period	561	1,180
Addition	(338)	(619)
Deduction	-	-
Closing balance at the end of the period	**223**	**561**
Share Application Money pending Allotment at the end of the period (Refer note j)	**4**	**-**
Total Other Equity	**6,61,270**	**6,05,229**

a) Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss account, before any dividend is declared.
During the current period ended September 30, 2019, the amount to the reserve fund has not been transferred as the Management makes such transfers annually as mentioned above.

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 49,940 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 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 period as employee compensation costs, reflecting the period 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

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 September 30, 2019 represents amount received towards 23,250 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

	Six months ended September 30, 2019	Six months ended September 30, 2018
Revenue from Operations		
Note: 27A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
-Bills Discounting	329	634
-Term Loans	3,82,150	3,04,882
(b) Bank Deposits		
-Bank Deposits under lien	2,026	2,154
-Other Bank Deposits free of lien	10,808	557
Total (A)	**3,95,313**	**3,08,227**
Note: 27B		
i) Fee & Commission income *		
-Term loans	9,856	8,444
-Others	3,006	2,798
Total (B)	**12,862**	**11,242**

*Services are transferred at a point in time

Note: 27C		
Net gain on fair value changes on FVTPL - Realised		
-Income from mutual funds	710	**2,237**
Total (C)	**710**	**2,237**
Note: 27D		
(i)Sale of Services (Refer note below)		
(a) Servicing and Collection fee on Assignment	155	119
(b) Other Service Income	3,542	4,902
(c) Freight Income	-	3,495
Total (D)	**3,697**	**8,516**
Note: Timing of revenue recognition		
Services transferred at a point in time	3,397	8,216
Services transferred over a time	300	300
Total	**3,697**	**8,516**

Details related to services transferred over a time

a) Contract balances

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Contract Liabilities	1,941	2,241

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Contract liability at the beginning of the period	2,241	2,847
Revenue Recognised during the period	300	300
Contract liability at the end of the period	1,941	2,547

c) Total Revenue from contracts with Customer

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Total Revenue from contracts with Customer*	16,559	19,758

*Represents fee income (note 27 B) and sale of services (note 27 D)

d) Due to Group's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2019)

f) Performance Obligation:

- Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee representative.
- Other Service Income: To provide required details to the customer and enable space for advertising at the branches.

g) There are no significant return / refund / other obligations for any of the above mentioned services.

Note : 28 OTHER INCOME

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Dividend Income from long-term investments	16	20
Rent	9	14
Miscellaneous Income	1	25
Total	**26**	**59**

Note : 29 FINANCE COSTS

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Interest on financial liabilities measured at amortised cost		
- Debt Securities	57,519	68,406
- Borrowings Other than Debt securities	1,46,639	79,507
- Subordinated Liabilities	21,112	16,577
Others		
- Bank charges	595	686
- Interest on lease liability	579	-
Total	**2,26,444**	**1,65,176**

Note : 30 IMPAIRMENT ON FINANCIAL INSTURMENTS

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Loss Assets Written Off (Net) / disposal of repossessed assets	12,510	10,892
Impairment provision- Loans - measured at amortised cost	7,959	5,066
Total	**20,469**	**15,958**

Note : 31 EMPLOYEE BENEFITS EXPENSE

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Salaries, Bonus and Commission	30,699	27,578
Contribution to Provident and Other Funds		
-Employees' Provident Fund	1,391	1,057
-Superannuation Fund	152	113
Share based employee payments	658	318
Gratuity Expense (Refer note 36)	374	260
Staff Welfare Expenses	858	790
Total	**34,132**	**30,116**

Note : 32 OTHER EXPENSES

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Rent and facility charges	449	2,621
Rates and Taxes	740	328
Energy cost	770	668
Repairs and Maintenance	201	139
Communication Costs	1,390	1,325
Business development expense	13	14
Brokerage	68	109
Freight charges	-	3,369
Printing and Stationery	665	599
Advertisement and publicity Expenses	751	394
Directors Fees, allowances and expenses	49	15
Auditors' Remuneration	57	20
Legal and Professional Charges	2,129	2,529
Insurance	802	564
Travelling and Conveyance	2,817	2,062
Information Technology Expenses	1,156	1,383
Loss on Sale of Property, Plant and Equipment (Net)	14	14
Recovery Charges	13,184	8,669
Corporate Social Responsibility Expenditure	357	734
Outsource cost	12,331	5,928
Miscellaneous Expenses	1,003	502
	38,946	31,986
Less : Expenses Recovered	(125)	(111)
Total	**38,821**	**31,875**

32.1 Details of CSR expenditure

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,941	2,306
Amount spent during the year		
(a) Construction/ acquisition of asset	-	-
(b) Others	357	734

32.2 Auditors Remuneration

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Statutory Audit	-	-
Interim Audit & Limited Review	6	5
Other Services	43	10
Reimbursement of Expenses(incl. input tax credit expensed)	8	5
Total	**57**	**20**

32.3 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, and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at September 30, 2019 and as at March 31, 2019.
The relevant particulars are furnished below:

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year	-	-
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	-	-
Total	-	-

32.4 Foreign Currency Payments

a) Expenditure in Foreign Currencies

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Travel	3	13
Membership fees	3	2
Interest on borrowings	1,489	-
License fees	26	21
Professional charges	171	102
Total	**1,692**	**138**

b) Remittances in Foreign Currencies

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Purchase of fixed assets	829	434
Borrowing related origination costs	2,711	4
Total	**3,540**	**438**

c) There is no dividend paid in foreign currency

33. Earnings per share

Particulars	Period ended September 30, 2019	Period ended September 30, 2018
Profit After Tax (₹ in lakhs)	**62,211**	**57,936**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**62,211**	**57,936**
Weighted Average Number of Equity Shares (Basic)	78,18,13,887	78,17,01,535
Add: Dilutive effect relating to ESOP/CCPS	815,854	986,255
Weighted Average Number of Equity Shares (Diluted)	78,26,29,741	78,26,87,790
Earnings per Share - Basic (₹)	**7.96**	**7.41**
Earnings per Share - Diluted (₹)	**7.95**	**7.40**
Face Value Per Share (₹)	2.00	2.00

Note:

Earnings per Share calculations are in accordance with Ind AS 33 "Earnings per Share". Equity shares have been divided into face value of 2 per share in pursuant to resolution passed through postal ballot for which the results have been recorded on June 17, 2019 and consequently, the number of equity shares for the six months ended September 30, 2018 have been retrospectively adjusted as required by Ind AS 33.

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 period ended September 30, 2019 and September 30, 2018, is as follows:

₹ in lakhs

Particulars	Period ended	
	September 30, 2019	September 30, 2018
Accounting profit before tax from continuing operations	100,795	88,827
Income tax rate of 25.168% (September 30, 2018: 34.944%)	25,370	31,040
Effects of:		
Impact of difference in tax base for Donations & CSR expense	169	257
Share based payment expense – No deduction claimed under tax	170	109
Impact of Deduction u/s 80JJA	-	(180)
Other adjustments	2	(335)
Effect of change in substantively enacted tax rate on Deferred tax	12,844	-
Income tax expense reported in consolidated statement of Profit and Loss	38,555	30,891

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 September 30, 2019	As at March 31, 2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost	5,45,252	5,64,273
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	5,27,276	5,49,261
Fair value of assets	5,38,542	5,87,198
Fair value of associated liabilities	5,30,967	5,50,860
Net position at Fair Value	7,575	36,338

B) Direct bilateral assignment

The Group has sold some 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 September 30, 2019	As at March 31, 2019
Assignment		
Carrying amount of de-recognised financial asset	3,60,058	1,67,117
Carrying amount of Retained Assets at amortised cost	40,169	19,020

₹ in lakhs

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Assignment		
Gain on sale of the de-recognised financial asset	13,168	4,288

₹ in lakhs

Particulars	Period ended September 30, 2019	Year ended March 31, 2019
Return on plan assets (excluding amount recognized in net interest expense)	(20)	(72)
Transfer in / Out	-	17
Fair Value of Plan Assets at the end of the period	**3,658**	**3,555**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Period	3,658	3,555
Defined Benefit Obligation at the End of the Period	5,346	4,586
Amount Recognised in the Balance Sheet	**1,688**	**(1,031)**
Cost of the Defined Benefit Plan for the period		
Current Service Cost	340	716
Net interest expense	161	234
Expected Return on Plan Assets	(127)	(258)
Net Cost recognized in the statement of Profit and Loss	**374**	**692**
Remeasurement Losses /(Gains)		
a) Effect of changes in financial assumptions	196	87
b) Effect of experience adjustments	165	550
c) Return on plan assets (excluding interest income)	20	72
Net cost recognised in Other Comprehensive Income	**381**	**709**
Assumptions		
Discount Rate	6.70% p.a.	7.30% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a.	13% p.a
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the subsequent periods: (valued on discounted basis)		
Within the next 12 months (next annual reporting period)	605	555
Between 2 and 5 years	2,619	2,300
Between 5 and 10 years	2,536	2,289
Beyond 10 Years	3,069	2,758
Total Expected Cash flows	**8,829**	**7,902**

Sensitivity Analysis:

Particulars	September 30, 2019		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate (+/- 1%)	5,030	5,685	4,297	4,825
Salary Growth Rate (+/- 1%)	5,648	5,051	4,844	4,279
Attrition Rate (+/- 50% of attrition rates)	5,195	5,518	4,454	4,648
Mortality Rate (+/- 10% of mortality rates)	5,339	5,339	4,456	4,456

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Group's best estimate of contribution during the next year is ₹ 2,623 lakhs (March 31, 2019 -1,793 lakhs).
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Assumptions	September 30, 2019	March 31, 2019
Discount Rate	6.70% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a	13% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at September 30, 2019.
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.

37. 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 period ended September 30, 2019, for management purposes, the Group has been organised into three operating segments based on products and services, as follows

- Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipments and loan to automobile dealers.
- Home Equity - Loans to customer against immovable property
- Others - Loans given for acquisition of residential property, loan against shares, and other unsecured loans & security broking and insurance agency business.

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on an entity as whole basis and are not allocated to operating segments.

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.

36. Retirement Benefit

A) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the period, the Group recognised Rs 1,391 lakhs (Previous period - Rs 1,057 lakhs) to Provident Fund under Defined Contribution Plan, Rs 152 lakhs (Previous period - Rs 113 lakhs) for Contributions to Superannuation Fund and Rs 70 lakhs (Previous period - Rs 129 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	Period ended September 30, 2019	Year ended March 31, 2019
Defined Benefit Obligation at the beginning of the period	**4,586**	**3,152**
Current Service Cost	340	716
Interest Cost	161	240
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	196	88
b) Effect of experience adjustments	165	550
Benefits paid	(102)	(177)
Transfer in / Out	-	17
Defined Benefit Obligation at the end of the period	**5,346**	**4,586**
Change in Fair Value Plan Assets		
Fair Value of Plan Assets at the Beginning of the period	3,555	3,480
Expected Returns on Plan Assets	127	264
Employer's Contribution	98	43
Benefits Paid	(102)	(177)

Note 37: Segment reporting

₹ in lakhs

	Six months ended September 30, 2019				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
Interest Income	3,07,677	58,684	16,119	12,833	3,95,313
Net gain on derecognition of financial instruments under amortised cost category	2,918	4,079	6,171	-	13,168
Fee Income	8,864	905	3,094	(1)	12,862
Net gain on Fair value change on financial instrument	-	-	4	706	710
Sale of Services	3,259	324	114	-	3,697
Segment revenue from Operations (I)					
Other income (II)	-	-	16	10	26
Total Segment Income (I) + (II)	**3,22,718**	**63,992**	**25,518**	**13,548**	**4,25,776**
Expenses					
Finance costs	1,72,689	38,869	8,798	6,088	2,26,444
Impairment of Financial Instruments	19,667	(267)	333	736	20,469
Employee benefits expense	26,196	3,419	4,405	112	34,132
Depreciation and amortisation expense	4,382	434	299	-	5,115
Other expenses	33,126	2,734	1,768	1,193	38,821
Segment Expenses	**2,56,060**	**45,189**	**15,603**	**8,129**	**3,24,981**
Segment Profit before taxation	**66,658**	**18,803**	**9,915**	**5,419**	**1,00,795**
Tax expense					**38,555**
Share of loss from associate					**(29)**
Profit for the year					**62,211**

	Six months ended September 30, 2018				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
Interest Income	2,42,789	52,574	10,205	2,659	3,08,227
Net gain on derecognition of financial instruments under amortised cost category	-	4,288	-	-	4,288
Fee Income	7,473	937	2,836	(4)	11,242
Net gain on Fair value change on financial instrument	-	-	74	2,163	2,237
Sale of Services	4,578	114	3,496	328	8,516
Segment revenue from Operations (I)					
Other income (II)	-	-	29	30	59
Total Segment Income (I) + (II)	**2,54,840**	**57,913**	**16,640**	**5,176**	**3,34,569**
Expenses					
Finance costs	1,31,731	34,065	5,419	(6,039)	1,65,176
Impairment of Financial Instruments	14,689	(858)	2,127	-	15,958
Employee benefits expense	24,049	2,253	3,710	104	30,116
Depreciation and amortisation expense	2,303	209	105	-	2,617
Other expenses	22,331	2,585	5,897	1,062	31,875
Segment Expenses	**1,95,103**	**38,254**	**17,258**	**(4,873)**	**2,45,742**
Segment Profit before taxation	**59,737**	**19,659**	**(618)**	**10,049**	**88,827**
Tax expense					**30,891**
Profit for the year					**57,936**

Note 37: Segment reporting

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on September 30, 2019					
Segment Assets	43,07,127	10,33,054	2,35,682		55,75,863
Unallocable Assets				7,76,546	7,76,546
Total Assets					**63,52,409**
Segment Liabilities	38,49,742	9,23,351	2,08,319		49,81,412
Unallocable Liabilities				6,94,083	6,94,083
Total Liabilities					**56,75,495**
As on March 31, 2019					
Segment Assets	40,58,768	9,95,439	2,12,908		52,67,115
Unallocable Assets				4,81,897	4,81,897
Total Assets					**57,49,012**
Segment Liabilities	36,70,570	9,00,231	1,89,863		47,60,664
Unallocable Liabilities				3,67,483	3,67,483
Total Liabilities					**51,28,147**

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.

38. Related Party Disclosures

List of Related Parties:

- **Holding Company:** Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding Company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding Company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk services Limited
- **Associate**: White Data Systems India Private Limited (Effective Oct' 2018)
- **Key Managerial Personnel**:
  - a) Mr. N Srinivasan, Executive Vice Chairman and Managing Director (upto August 18, 2018);
  - b) Mr. Arun Alagappan, Executive Director
  - c) Mr. D. Arulselvan, Chief Financial Officer
  - d) Ms. P.Sujatha, Company Secretary
- **Non-Executive Directors**
  1. Mr. M B N Rao (upto July 26, 2018)
  2. Mr. V Srinivasa Rangan (upto March 31, 2019)
  3. Ms. Bharati Rao (up to July 30, 2019)
  4. Mr. Ashok Kumar Barat
  5. Mr. M M Murugappan (From May 31, 2018)
  6. Mr. N Ramesh Rajan (From October 30, 2018)
  7. Mr. Rohan Verma (From March 25, 2019)
  8. Ms. Bhama Krishnamurthy (From July 30, 2019)

Note:

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

a) Transactions during the period

₹ in lakhs

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	1,454	1,445
b) Ambadi Investments Limited	135	145
c) Parry enterprises Limited	0*	0*
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	42	35
b) Cholamandalam MS General Insurance Company Limited	3	-
c) White Data Systems India Private Limited	-	14
Services Received		
a) Cholamandalam MS General Insurance Company Limited	42	29
b) Parry Enterprises Limited	297	388
c) White Data Systems India Private Limited	14	10
Services rendered		
a) Cholamandalam MS General Insurance company Limited	1,938	1,653
b) Ambadi Investments Limited	1	3
c) Cholamandalam Financial Holdings Limited	0*	0*
Expense recovered – Rent		
a) Cholamandalam MS General Insurance Company Ltd	29	27
b) Parry enterprises Limited	0*	-
c) Cholamandalam MS Risk Services Limited	0*	-
Loans given		
a) White Data Systems India Private Limited	-	461
Loans recovered	-	688
a) White Data Systems India Private Limited		
Interest Expense		
a) Cholamandalam MS General Insurance company Limited	496	995
Interest Income		
a) White Data Systems India Private Limited	14	-
Commission and Sitting fees to non-executive Directors	48	37

b) Balances Outstanding at the period end.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Rental Deposit Receivable / (Payable)		
a) Cholamandalam MS General Insurance Limited	(21)	(21)
Loans - Receivable		
a) White Data Systems India Private Limited	340	340
Debt Securities - Payable		
a) Cholamandalam MS General Insurance Company Limited	(19,838)	(22,249)
Other Receivable / (Payable)		
a) Cholamandalam Financial Holdings Limited	0*	-
b) Cholamandalam MS General Insurance Company Limited	354	650
c) White Data Systems India Private Limited	(9)	-
d) Parry Enterprises Limited	0*	-
e) Cholamandalam MS Risk Services Limited	0*	-

c) Key Managerial Personnel

₹ in lakhs

Nature of Transaction	Six months ended September 30, 2019	Six months ended September 30, 2018
Short- term employee benefits	304	524
Post–employment pension (defined Contribution)	29	54
Dividend Payments	15	15
Share based payments	20	30

* Represents amounts less than ₹ 1 lakh

39. Contingent Liabilities and Commitments

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Income tax and Interest on Tax issues where the Group has gone on appeal	17,316	17,316
Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,292	21,292
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	2,657	5,081
Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	19,978	19,978

Particulars	As at September 30, 2019	As at March 31, 2019
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	8,553	6,761
Order in respect of alleged violations of the Provisions of SEBI Act	7	7
Disputed claims pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit	68	68

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 September 30, 2019	As at March 31, 2019
Capital commitments	1,776	1,807
Investment commitment to Faering Capital India Evolving Fund	16	16
Disbursements – Undrawn lines	83,569	73,345

c) The Supreme Court had passed judgement on 28th February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of caution, the Group has complied the same on prospective basis from the date of the SC order.

c) Bank Guarantee:

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2018
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,639	1,639

40. Changes in Provisions

₹ in lakhs

Particulars	As at March 31, 2019	Additional Provision	Utilisation Reversal	As at September 30, 2019
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Expected credit loss allowance towards Undrawn commitments	51	77	-	128

₹ in lakhs

Particulars	**As at April 01, 2018**	**Additional Provision**	**Utilisation**	**As at March 31, 2019**
			Reversal	
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Expected credit loss allowance towards Undrawn commitments	12	39	-	51

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

The undrawn commitments provided by the Group are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at September 30, 2019 is ₹ 83,569 lakhs (₹ 73,345 lakhs as at March 31, 2019).

The Group creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at September 30, 2019 is ₹ 128 lakhs (₹ 51 lakhs as at March 31, 2019).

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019
41-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 Rs.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 ₹658 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-Mar-2019	During the period				Options outstanding As at 30-Sep-2019	Options vested but not exercised As at 30-Sep-2019	Options unvested As at 30-Sep-2019	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
Gt 25 Apr 2008	25-Apr-08	-	-	-	-	-	-	-	-	38	-
GT 27 JAN 2011A	27-Jan-11	9,163	36,652	-	-	-	45,815	45,815	-	38	-
GT 27 JAN 2011B	27-Jan-11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT 30 APR 2011	30-Apr-11	7,948	31,792	-	-	-	39,740	39,740	-	33	-
GT 27 OCT 2011	27-Oct-11	7,936	31,744	-	-	9,920	29,760	29,760	-	31	-
Total		**31,023**	**1,24,092**	**-**	**-**	**39,800**	**1,15,315**	**1,15,315**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31-Mar-2019	During the period				Options outstanding As at 30-Sep-2019	Options vested but not As at 30-Sep-2019	Options unvested As at 30-Sep-2019	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
GT25JAN2017	25-Jan-17	4,72,842	18,91,368	-	-	10,140	23,54,070	8,41,950	15,12,120	202	0.82 years
GT30JAN2018	30-Jan-18	49,040	1,96,160	-	-	-	2,45,200	61,300	1,83,900	262	0.84 years
GT30JAN2018A	30-Jan-18	17,960	71,840	-	-	-	89,800	17,960	71,840	262	1.46 years
GT23APR2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.69 years
GT26JUL2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	1.32 years
GT30OCT2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	-	3,67,300	254	1.78 years
GT19MAR2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	-	5,88,460	278	2.17 years
GT30JUL2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	1.33 years
Total		**7,94,946**	**31,79,784**	**31,632**	**-**	**10,140**	**39,96,222**	**9,98,905**	**29,97,317**		

* During the current period, shares of face value of Rs 10/- each have been split into 5 equity shares of face value of Rs 2/- each

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019
41-ESOP Disclosure
The movement in Stock Options during the previous year are given below:

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding	During the Year 2018-19			Options outstanding	Options vested but not exercised	Options unvested	Exercise Price	Weighted Average Remaining Contractual Life
		As at 31-Mar-2018	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	As at 31-Mar-2019	As at 31-Mar-2019	As at 31-Mar-2019		
Gt 30 Jul 2007	30-Jul-07	-	-	-	-	-	-	-		
Gt 25 Jan 2008	25-Jan-08	-	-	-	-	-	-	-		
Gt 25 Apr 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding	During the Year 2018-19			Options outstanding	Options vested but not exercised	Options unvested	Exercise Price	Weighted Average Remaining Contractual Life
		As at 31-Mar-2018	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	As at 31-Mar-2019	As at 31-Mar-2019	As at 31-Mar-2019		
GT25JAN2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30JAN2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30JAN2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23APR2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26JUL2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30OCT2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19MAR2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

The following tables list the inputs to the Black Scholes model used for the plans for the period ended 30th September 2019:

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 - Tranche II	 8% 8%	 4 years 3.4 years	 59.50% 61.63%	 10% 10%	 187.60 187.60	 94.82 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

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

41-ESOP Disclosure

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 period ended September 30, 2019 is ₹ Nil (March 31,2019- ₹ Nil)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92%-8.12%
Expected Life	0.12 years- 6.25 years
Expected Volatility	28.28%-63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.(₹)	212.05

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*

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

Note 42 - Change in liabilities arising from financing activities

₹ in lakhs

Particulars	April 1, 2019	Cash flows	Exchange Difference	Other	September 30, 2019
Liabilities	50,56,674	5,27,353	8,530	(2,209)	55,90,348

₹ in lakhs

Particulars	April 1, 2018	Cash flows	Exchange Difference	Other	March 31, 2019
Liabilities	38,33,034	12,20,048	13,779	(10,072)	50,56,674

(i) Others column represents the effect of interest accrued but not paid on borrowing, amortisation of processing fees etc
(ii) Liabilities represents of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

Note 43 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

		Maturity	
	Amount	**Within 12 months**	**After 12 months**
As on September 30, 2019			
Financial Assets			
Cash and Cash Equivalents	5,54,899	5,54,899	-
Bank balances Other than Cash and Cash Equivalents	77,139	40,847	36,292
Derivative financial instruments	13,272	12,798	474
Receivables			-
i) Trade Receivables	3,341	3,341	-
ii) Other Receivables	4,362	4,362	-
Loans	55,69,461	17,57,684	38,11,777
Investments			
i) Associate	2,490	-	2,490
ii) Others	1,288	40	1,248
Other Financial Assets	31,771	15,062	16,709
Total Financial Assets	**62,58,023**	**23,89,033**	**38,68,990**
Non- Financial Assets			
Current tax assets (Net)	21,839	-	21,839
Deferred tax assets (Net)	38,558	-	38,558
Investment Property	47	-	47
Property, Plant and Equipment	27,348	-	27,348
Intangible assets under development	1,032	-	1,032
Other Intangible assets	2,184	-	2,184
Other Non-Financial Assets	3,378	2,599	779
Total Non- Financial Assets	**94,386**	**2,599**	**91,787**
Financial Liabilities			
Derivative financial instruments	1,260	-	1,260
Payables			-
i) Trade Payables	21,653	21,653	-
ii) Other Payables	6,846	6,846	-
Debt Securities	13,28,090	9,42,858	3,85,232
Borrowings(Other than Debt Securities)	38,56,945	9,48,083	29,08,862
Subordinated Liabilities	4,05,313	43,596	3,61,717
Other Financial Liabilities	43,347	35,161	8,186
Total Financial Liabilities	**56,63,454**	**19,98,197**	**36,65,257**
Non-Financial Liabilities			
Provisions	8,541	8,541	-
Other Non-Financial Liabilities	3,500	2,096	1,404
Total Non-Financial Liabilities	**12,041**	**10,637**	**1,404**

Note 43 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

		Maturity	
	Amount	**Within 12 months**	**After 12 months**
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	3,16,435	3,16,435	-
Bank balances Other than Cash and Cash Equivalents	54,411	20,500	33,911
Derivative financial instruments	8,869	7,229	1,640
Receivables			-
i) Trade Receivables	4,128	4,128	-
ii) Other Receivables	3,908	3,908	-
Loans	52,61,077	16,40,761	36,20,316
Investments			
i) Associate	2,519	-	2,519
ii) Others	1,631	-	1,631
Other Financial Assets	13,896	5,506	8,390
Total Financial Assets	**56,66,874**	**19,98,467**	**36,68,407**
Non- Financial Assets			
Current tax assets (Net)	16,181	-	16,181
Deferred tax assets (Net)	46,012	-	46,012
Investment Property	47	-	47
Property, Plant and Equipment	14,464	-	14,464
Intangible assets under development	1,397	-	1,397
Other Intangible assets	2,220	-	2,220
Other Non-Financial Assets	1,817	1,121	696
Total Non- Financial Assets	**82,138**	**1,121**	**81,017**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables			
i) Trade Payables	23,145	23,145	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings(Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,676	21,404	272
Total Financial Liabilities	**51,15,230**	**19,28,703**	**31,86,527**
Non-Financial Liabilities			
Provisions	7,466	7,466	-
Other Non-Financial Liabilities	5,445	3,360	2,085
Total Non-Financial Liabilities	**12,911**	**10,826**	**2,085**

Note 44: Non-Controlling Interest

₹ in lakhs

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Balance at the beginning of the year	-	34
Share of loss	-	(147)
Share of other comprehensive income	-	-
Adjustment on account of loss of control in subsidiary*	-	113
Balance at the end of the year	**-**	**-**

* During the previous year ended March 31, 2019, pursuant to investment by another entity in WDSI, the Group's interest in WDSI has reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI. In view of this change in status, the retained interest of the Group in WDSI, Company has de-recognised the non-controlling interest.

Note 45 :Investment in an associate

As at March 31, 2018, the Group had 63% interest in White Data Systems India Private Limited ("WDSI") and this entity was treated as a subsidiary in the consolidated financial statements. During the Financial year ended March 31, 2019, pursuant to investment by another entity in WDSI, the Group's interest in WDSI had reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI (w.e.f October 01, 2018). In view of this change in status, the retained interest of the Group in WDSI aggregating to 30.87% interest had been fair valued and a resultant fair value gain of Rs. 2,029 lakhs had been recognised in the consolidated statement of profit and loss for the year ended March 31, 2019.

Particulars	**₹ in lakhs**
Fair value of Net assets on the date of Investment by other entity	8,274
Group's share on the date of loss of control	30.87%
Fair value of Net assets attributable to Group	2,554
Add: Net liabilities on the date of loss of control	278
Less: Minority Interest	(103)
Less: Goodwill recognised earlier on acquisition of WDSI	(700)
Fair value gain on loss of control in subsidiary	**2,029**

The Group had recognised the value of investment in associate at fair value on the date of loss of control and the same is carried at cost as at reporting date.

₹ in lakhs

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Value of Investment in Subsidiary on the date of loss of control	2,554	2,554
Less: Cumulative Share of Loss of from Associate	(64)	(35)
Closing value of Investment	**2,490**	**2,519**

The Group has a 30.87% interest in White Data Systems India Private Limited, which is in the business of providing freight data solutions encompassing technology, certification and finance offering in India. The WDSI has dedicated logistics platform "i-loads", seamlessly connects load providers, logistics agents, brokers and transporters through its disruptive technology. It is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in White Data Systems India Private Limited:

Particulars		**₹ in lakhs**
	30-Sep-19	**31-Mar-19**
Current assets	4,366	4333
Non-current assets	658	540
Current liabilities	(1,225)	(1,067)
Non-current liabilities	(28)	(28)
Equity	**3,771**	**3,778**
Proportion of the Group's ownership	30.87%	30.87%
Group's share in the Equity of the associate	1,164	1,166

Particulars	₹ in lakhs **Six month ended September 30, 2019**
Revenue from contracts with customers	1,804
Other Income	18
Depreciation & amortization	45
Finance cost	15
Employee benefit	115
Other expense	1,737
Profit before tax	**(90)**
Income tax expense	(4)
Profit for the year (continuing operations)	(94)
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)	**(94)**
Group's share of loss considered in the consolidated statement of Profit and loss for the six months ended september 30, 2019	**(29)**

The associate has no contingent liabilities or capital commitments as at September 30, 2019 and March 31, 2019.

46. 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.

46.1 Risk Management

The Group 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 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: The 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.

The Group has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights 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 also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The Group identifies and monitors risks periodically. 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 risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the Group directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, 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. 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 Group's risk management initiatives and risk MIS are reviewed monthly by the executive director and business heads. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity and foreign currency risk.

46.2 Credit Risk

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.

The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business.

The Group also has a well-developed business planning model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

46.3 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 Group's exposure to market risk is a function of asset liability management activities. The Group is exposed to interest rate risk and liquidity risk.

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.

46.4 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 74% of the loan book of the Group as of September 30, 2019 (74% as of March 31, 2019). Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, 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 3% and 21% (between 5% and 22% as of March 31, 2019) leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self occupied residential property) to self-employed non- professional category of borrowers and contributes to 21% of the lending book of the Group as of September 30, 2019 (21% as of March 31, 2019). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by Group for each product by its region and its sub-segments. Group did not overly depend on few regions or sub-segments as of September 30, 2019.

46.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Group has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group’s readiness.

46.6 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 47 for the summary of maturity profile of undiscounted cashflows of the Group’s financial assets and financial liabilities as at reporting period.

46.7 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.

46.8 Disclosure of Effects of Hedge Accounting
Cash flow Hedge
As at September 30, 2019

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)	Line item in Balance sheet
Cross Currency Interest rate swap	Asset	Liability	Asset	Liability	November 07, 2019 to June 03, 2024	(12,012)	16,946	Borrowings and Finance cost
	7	5	2,44,224	1,56,303				

Period ended September 30, 2019

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in lakhs)	Hedge Effectiveness recognised in profit and loss (₹ 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	(4,547)	-	-	NA

As at March 31, 2019

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (` in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness	Line item in Balance sheet
Cross Currency Interest rate swap	Asset	Liability	Asset	Liability	November 07, 2019 to March 18, 2022	8,028	(8,415)	Borrowings and Finance cost
	5	1	18,263	3,549				

Period ended September 30, 2018

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	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	2,864	-	-	NA

46.9 Collateral and other credit enhancements

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Group values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Group's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Group for loan against securities. The Group does not obtain any other form of credit enhancement other than the above. 99% of the Group's term loan are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 47 - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at September 30, 2019 **₹ in lakhs**

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	3,52,518	2,04,896	-	-	-	-	-	**5,57,414**
Bank balances other than Cash and Cash Equivalents	543	2,672	31,575	3,390	28,741	6,906	16,957	**90,784**
Derivative financial instruments	-	8,648	-	4,150	474	-	-	**13,272**
Receivables	-	-	-	-	-	-	-	
i) Trade Receivables	3,341	-	-	-	-	-	-	**3,341**
ii) Other Receivables	4,362	-	-	-	-	-	-	**4,362**
Loans	3,98,895	4,23,466	5,90,503	10,99,391	29,51,883	8,82,085	12,30,931	**75,77,154**
Investments								
i) Associate	-	-	-	-	-	-	2,490	**2,490**
ii) Others	40	-	-	-	-	-	1,248	**1,288**
Other Financial Assets	3,462	2,796	2,489	6,706	12,661	3,924	5,099	**37,137**
Total Undiscounted financial assets	**7,63,161**	**6,42,478**	**6,24,567**	**11,13,637**	**29,93,759**	**8,92,915**	**12,56,725**	**82,87,242**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	363	897	-	**1,260**
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	21,653	-	-	-	-	-	-	**21,653**
(II) Other Payables	-	-	-	-	-	-	-	
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	6,846	-	-	-	-	-	-	**6,846**
Debt Securities	63,362	4,28,179	3,16,795	1,69,450	3,68,205	72,549	3,140	**14,21,680**
Borrowings(Other than Debt Securities)	1,90,043	3,03,769	2,89,838	4,89,209	25,71,874	6,00,781	1,06,629	**45,52,143**
Subordinated Liabilities	3,380	17,745	10,391	33,357	1,88,973	1,36,681	2,12,801	**6,03,328**
Other Financial Liabilities	31,093	817	1,225	2,471	7,590	1,991	-	**45,187**
Total Undiscounted financial liabilities	**3,16,377**	**7,50,510**	**6,18,249**	**6,94,487**	**31,37,005**	**8,12,899**	**3,22,570**	**66,52,097**
Total net Undiscounted financial assets/(liabilities)	**4,46,784**	**(1,08,032)**	**6,318**	**4,19,150**	**(1,43,246)**	**80,016**	**9,34,155**	**16,35,145**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 47 - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at March 31, 2019

₹ in lakhs

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	89,996	2,29,834						**3,19,830**
Bank balances other than Cash and Cash Equivalents	370	6,810	3,997	12,521	22,226	2,172	19,394	**67,490**
Derivative financial instruments				7,229	1,640			**8,869**
Receivables								
i) Trade Receivables	4,128							**4,128**
ii) Other Receivables	3,908							**3,908**
Loans	3,47,736	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	**73,21,893**
Investments								**-**
i) Associate							2,519	**2,519**
ii) Others							1,631	**1,631**
Other Financial Assets	-	1,461	1,006	1,775	5,487	1,051	3,117	**13,897**
Total Undiscounted financial assets	**4,46,138**	**6,39,400**	**5,60,044**	**10,58,550**	**28,41,098**	**8,96,586**	**13,02,349**	**77,44,165**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								**-**
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	23,145	-	-	-	-	-	-	**23,145**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings(Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,362	-	-	-	252	21	-	**21,635**
Total Undiscounted financial liabilities	**3,69,711**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,913**	**6,16,051**	**3,84,069**	**58,95,983**
Total net Undiscounted financial assets/(liabilities)	**76,427**	**3,18,015**	**17,153**	**71,587**	**1,66,185**	**2,80,535**	**9,18,280**	**18,48,182**

Note 48

Note 48.1 Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group 's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

₹ in lakhs

	30-Sep-19		**March 31, 2019**	
	Carrying Value	**Fair Value**	**Carrying Value**	
As on March 31, 2019				
Financial Assets				
Cash and Cash Equivalents	5,54,899	5,54,899	3,16,435	3,16,435
Bank balances Other than Cash and Cash Equivalents	77,139	77,139	54,411	54,411
Receivables				
i) Trade Receivables	3,341	3,341	4,128	4,128
ii) Other Receivables	4,362	4,362	3,908	3,908
Loans	55,69,461	54,57,754	52,61,077	52,80,975
Other Financial Assets	31,771	31,771	13,896	13,896
Total Financial Assets	**62,40,973**	**61,29,266**	**56,53,855**	**56,73,753**
Financial Liabilities				
Payables				
i) Trade Payables	21,653	21,653	23,145	23,145
ii) Other Payables	6,846	6,846	12,894	12,894
Debt Securities	13,28,090	13,56,566	14,18,431	14,13,496
Borrowings(Other than Debt Securities)	38,56,945	38,77,150	32,12,375	32,10,512
Subordinated Liabilities	4,05,313	3,62,294	4,25,868	4,28,174
Other Financial Liabilities	43,347	43,347	21,676	21,676
Total Financial Liabilities	**56,62,194**	**56,67,856**	**51,14,389**	**51,09,897**

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities

i) Derivatives are fair valued using market observable rates and publishing prices

ii) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

iii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.

Note 48.2 - Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosure fair value measurement hierarchy of assets as at September 30, 2019

₹ in lakhs

	Fair value measurement using			
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVTOCI Equity Instruments	1,248	818	430	-
FVTPL Equity Instruments	40	40		
Derivative financial instruments	13,272	-	13,272	-
Assets for which fair values are disclosed				
Loans	55,69,461	-	54,57,754	-
Investment Properties *	47	-	-	317

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 September 30, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	1,260	-	1,260	-
Liabilities for which fair values are disclosed				
Debt Securities	13,28,090	-	13,56,566	-
Borrowings(Other than Debt Securities)	38,56,945	-	38,77,150	-
Subordinated Liabilities	4,05,313	-	3,62,294	-

There have been no transfers between different levels during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVTOCI Equity Instruments	1,631	1,113	518	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Loans	52,61,077	-	52,80,975	-
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.
* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019 **₹ in lakhs**

	Fair value measurement using			
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	-
Liabilities for which fair values are disclosed				
Debt Securities	14,18,431	-	14,13,496	-
Borrowings(Other than Debt Securities)	32,12,375	-	32,10,512	-
Subordinated Liabilities	4,25,868	-	4,28,174	-

There have been no transfers between different levels during the period.

Note 48.3 Summary of Financial assets and liabilities which are recognised at amortised cost

	As at	
Particulars	**September 30, 2019**	**March 31, 2019**
Financial Assets		
Cash and Cash Equivalents	5,54,899	3,16,435
Bank balances other than Cash and Cash Equivalents	77,139	54,411
Loans	55,68,311	52,59,927
Other Financial Assets	31,771	13,896
Financial Liabilities		
Debt Securities	13,28,090	14,18,431
Borrowings(Other than Debt Securities)	38,56,945	32,12,375
Subordinated Liabilities	4,05,313	4,25,868
Other Financial liabilities	43,347	21,676

48.4 Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Note 49: Disclosures in connection with IND AS 116 - Leases

Part A
Transition

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and applied the Standard to all the lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right to use asset was created for an amount equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for the year ended March 31, 2019.

On transition, the adoption of the new standard has resulted in recognition of "lease liability of Rs. 12,208 lakhs and the 'Right-of- Use' asset of an equivalent amount which has been discounted at 9% p.a.. The effect of this adoption is insignificant on the profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in the cash outflows from financing activities on account of lease payments.

The following is the summary of the practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognise right of use assets and liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligations recorded as of March 31, 2019 under Ind AS 17 and the value of lease liability as of April 1, 2019 under Ind AS 116 is primarily on account of cancellable leases

Part B
Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the period ended September 30, 2019

Particulars - Buildings	**Amount (Rs. in lakhs)**
Opening Balance	12,208
Depreciation charge for the Period	(1,960)
Additions during the Period	2,058
Adjustment/Deletion	(834)
Closing Balance	**11,472**

(ii) Classification of current and non current liabilities of the lease liabilities as at September 30, 2019

Particulars	**Amount (Rs. in lakhs)**
Current liablities	4,716
Non Current Liabilities	7,911
Total Lease liabilities	**12,627**

(iii) Movement in the carrying value of the Lease Liability for the period ended September 30, 2019

Particulars	**Amount (Rs. in lakhs)**
Opening Balance	12,208
Interest Expense	579
Lease Payments [Total Cash Outflow]	(2,218)
Additions during the year	2,058
Closing Balance	**12,627**

(iv) Contractual Maturities of Lease liability outstanding as at September 30, 2019

Particulars	**Amount (Rs. in lakhs)**
Less than one year	4,953
One to five Years	11,268
Total	**16,221**

Lease expenses relating to short term leases aggregated to Rs.1.23 Lakhs during the period ended September 30, 2019
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.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

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 period ended September 30, 2019 and March 31, 2019

As at September 30, 2019 **₹ in lakhs**

	Net Assets (i.e. total assets less total liabilities		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
Name of the entities	**As % of Consolidated Net Assets**	**Amount**	**As % of Consolidated Profit and Loss**	**Amount**	**As % of Consolidated Other Comprehensive Income**	**Amount**	**As % of Consolidated Total Comprehensive Income**	**Amount**
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	6,65,971	100%	62,089	89%	(2,755)	100%	59,334
II. Subsidiaries								
Cholamandalam Securities Limited	1%	3,432	0%	133	1%	(27)	0%	106
Cholamandalam Home Finance Limited	1%	5,021	0%	18	10%	(307)		(289)
Minority Interests in all subsidiaries	0%	0	0%	0	0%	0	0%	-
II. Associates (Investment as per equity method)								
White Data Systems India Private Limited	0%	2,490	0%	(29)	0%	0	0%	(29)
	100%	**6,76,914**	**100%**	**62,211**	**100%**	**(3,089)**	**100%**	**59,122**

As at March 31, 2019

	Net Assets (i.e. total assets less		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
Name of the entities	**As % of Consolidated Net Assets**	**Amount**	**As % of Consolidated Profit and Loss**	**Amount**	**As % of Consolidated Other Comprehensive Income**	**Amount**	**As % of Consolidated Total Comprehensive Income**	**Amount**
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	6,09,139	101%	1,20,412	(194%)	409	101%	1,20,820
II. Subsidiaries								
Cholamandalam Securities Limited	1%	3,904	0%	255	53%	(112)	0%	143
Cholamandalam Home Finance Limited	1%	5,309	(1%)	(762)	241%	(508)	(1%)	(1,270)
Minority Interests in all subsidiaries	0%	-	0%	(147)	0%	-	0%	(147)
II. Associates (Investment as per equity method)								
White Data Systems India Privat	0%	2,519	0%	(98)	0%	0	0%	(98)
	100%	**6,20,871**	**100%**	**1,19,659**	**100%**	**(211)**	**100%**	**1,19,448**

51. **Events after reporting date**

There have been no events after the reporting date that require disclosure in the financial statements.

52. **Prior period information**

Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation. The figures for the comparative period ended September 30, 2018 are unaudited and prepared by the Management.

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

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

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

Date: November 5, 2019
Place: Chennai

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

AUDITED
STANDALONE AND CONSOLIDATED
FINANCIAL STATEMENTS
2018- 2019

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, 2019, 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 ("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, 2019, 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 Standalone Ind AS 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.

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, 2019. 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
Change in financial reporting framework – First time adoption of Indian Accounting Standards ('Ind AS') *(as described in Note 2 of the Standalone Ind AS Financial Statements)*	
In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Previous GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2019, together with the comparative financial information for the previous year ended March 31, 2018 and the transition date balance sheet as at April 1, 2017 have been prepared under Ind AS.	Our audit procedures with regard to the 1st time adoption of Ind AS included assessing the judgements applied by the Management in this regard: • Reading the Ind AS impact assessment performed by the management to identify areas which were impacted on account of Ind AS transition; • Understanding the financial statement closure process and the controls established by the Company for transition to Ind AS; • Reading and assessing the changes made to the accounting policies due to the requirements of the new financial reporting framework;

Key audit matters	How our audit addressed the key audit matter
The transition to Ind AS has involved changes in the Company's policies and processes relating to financial reporting. Further, the management has also exercised judgement (wherever applicable) in giving effect to various principles of Ind AS in its first-time adoption. In view of the complexity and the resultant risk of a material misstatement arising from an error or omission in correctly implementing the principles of Ind AS at the transition date, which could result in a misstatement of one or more periods presented in these Ind AS financials statements, this has been an area of significance in our audit. Some of the key adjustments made to the financial statements on first-time adoption of Ind AS for the year ended March 31, 2019 are as follows: 1. The Company earns certain interest income and incurs certain expenses which are directly attributable to the origination of loans disbursed by the Company. Under Ind AS, the accounting for these upfront charges and interest income are based on the effective interest rate method for loans which is based on the loan cashflows. 2. Under the Previous GAAP, the identification of delinquent accounts and consequent provisions for loan losses were made on the loans based on the guidelines prescribed by the Reserve Bank of India ('RBI') in this regard. Under Ind AS, estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Company based on the principles prescribed under Ind AS 109. 3. The Company from time to time enters into securitisation and assignment transactions for transfer of financial assets under arrangements which have different terms and conditions. Under Ind AS, management has performed an evaluation of whether the financial asset de-recognition criteria prescribed in Ind AS 109 is satisfied on a case to case basis and based on such evaluation, related accounting adjustments are recorded in the financial statements. Additionally, regarding the matter discussed in Sl. No. 2, as explained in the notes to the financial statements for the year ended March 31, 2019, the impairment provision based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include: (a) Segmentation of the loan portfolio into homogenous pool of borrowers; (b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired; (c) Determination of the 12 month and life-time probability of default for each of the segments identified; and	• Assessing the judgements exercised by the management in applying the first-time adoption principles of Ind AS 101 as at transition date; • Testing accounting adjustments posted as at the transition date, and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS; • Assessing the disclosures included in the Standalone Ind AS Financial Statements in accordance with the requirements of Ind AS (including with respect to the previous periods presented). Procedures in connection with Sl. No. 1: Our audit response included (as applicable in each case): • Assessing the items which has been considered as part of effective interest rate as well as the related computation on a test basis; and • Assessing the related IT system and manual controls implemented for effective interest rate accounting. Procedures on the matter discussed in Sl. No. 2 We gained an understanding of the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition, • We 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; • We 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 and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date; • Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company's IT systems);

Key audit matters	**How our audit addressed the key audit matter**
(d) Loss given default for various exposures based on past trends / experience, management estimates etc., 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. As at March 31, 2019, the Company has made a provision for impairment loss aggregating ₹ 93,071 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances 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 an area of significance for our audit.	• Enquired with the management regarding significant judgments and estimates involved in the impairment computation; • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and • Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107. Procedures in relation to Sl no 3: • Obtained and read a sample of agreements entered for securitisation of financial assets and assignment transactions to assess management's determination of the satisfaction of de-recognition conditions as per Ind AS 109; • Assessed the management estimates used to determine the gain on financial assets de-recognised during the year; • Assessed business model evaluation under Ind AS 109 in respect of portfolio of loans where financial assets are de-recognised during the year.
Audit in an Information Technology (IT) enabled environment - including considerations on exceptions identified in IT environment	
Pursuant to various reporting requirements such as reporting on the internal controls over financial reporting, 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. 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. Hence, our audit procedures have focus on IT systems and controls in them due the pervasive nature and complexity of the IT environment, operational volume across numerous locations daily and the reliance on automated and IT dependent manual controls.	In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting: • Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls; • The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system; • Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; • Performed tests of controls (including over compensatory controls wherever applicable) on the IT Application controls and IT dependent manual controls in the system. • Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.
Pending litigations with tax authorities *(as described in Note 38 of the 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.	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

Key audit matters	How our audit addressed the key audit matter
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, 2019 the Company has an amount of ₹ 63,668 Lakhs involved in 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 an area of significance for our audit.	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 ending 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 accordance with Ind AS 37.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report including Annexures to the Board's Report and Management Discussion and Analysis, Corporate Governance and General Shareholder Information and Business Responsibility report 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 the 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 and those Charged with Governance for the 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 charged with governance 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2019 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 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 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 to the Standalone Ind AS Financial Statements;
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : April 27, 2019

Annexure 1 referred to in our report of even date

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

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

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

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

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

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

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

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Sections 185 and 186 of the Act have not been complied with by 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.

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

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

₹ in lacs

Name of the statute	Nature of dues	Amount not deposited	Period to which the amounts relate	Forum where the dispute is pending
Income Tax Act, 1961	Tax and interest	21,292	1990-91, 1991-92 and 2008-09	Income Tax Appellate Tribunal
		2,908	2008-09 to 2014-15	CIT(Appeal)
Bihar Finance Act, 1981	Sales Tax	2.19	1992-93 & 1993-94	Sales Tax Appellate Tribunal
Gujarat Sales Tax Act, 1969	Sales Tax	2.03	1997-98	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Sales Tax	357.46	2007-08 to 2013-14	Karnataka High court
Maharashtra Value Added Tax Act, 2002	Sales Tax	2,019	2013-14 to 2015-16	Deputy Commissioner of Sales Tax
Delhi Sales Tax Act, 1975	Sales Tax	7.58	1991-92	Deputy Commissioner of Sales Tax
Odisha Value Added Tax Act, 2004	Sales Tax	302.56	2007-08 to 2013-2014	Sales Tax Appellate Tribunal
Tamil Nadu Value Added Tax Act, 2006	Sales Tax	1,094	2006 - 07 to 2013-14	High Court
Tamil Nadu General Sales Tax Act, 1959	TNGST & CST	998.80	1994-95	High Court of Madras
Uttar Pradesh Sales Tax Act	Sales Tax	62	1987-2003	High Court
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 realizable 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.

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

(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) of the Order 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 Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : April 27, 2019

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 over financial reporting of Cholamandalam Investment and Finance Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : April 27, 2019

Balance Sheet

As at March 31, 2019

₹ in lakhs

	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
ASSETS				
Financial Assets				
Cash and Cash Equivalents	5	3,13,893	25,379	27,404
Bank balances other than Cash and Cash Equivalents	6	53,592	63,416	69,645
Derivative financial instruments	7	8,869	599	-
Receivables	8			
i) Trade Receviables		441	3,823	1,965
ii) Other Receviables		3,908	5,577	4,492
Loans	9	52,62,227	42,25,323	33,22,439
Investments	10	7,292	7,292	6,968
Other Financial Assets	11	12,432	7,730	13,561
		56,62,654	**43,39,139**	**34,46,474**
Non - Financial Assets				
Current tax assets (Net)		15,719	15,961	10,387
Deferred tax assets (Net)	12	45,300	36,171	31,527
Investment Property	13	47	5	5
Property, Plant and Equipment	14	14,253	14,005	11,809
Intangible assets under development		1,310	380	162
Other Intangible assets	15	1,976	2,070	2,195
Other Non-Financial Assets	16	1,371	1,242	1,158
		79,976	**69,834**	**57,243**
TOTAL ASSETS		**57,42,630**	**44,08,973**	**35,03,717**
LIABILITIES AND EQUITY				
Financial Liabilities				
Derivative financial instruments	7	841	7,655	10,103
Payables				
(I) Trade Payables				
i) Total outstanding dues of micro and small enterprises		-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		20,742	17,063	11,017
(II) Other Payables				
i) Total outstanding dues of micro and small enterprises		-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		12,894	10,047	8,143
Debt Securities	17	14,18,431	14,37,395	13,47,094
Borrowings(Other than Debt Securities)	18	32,12,375	20,16,635	13,78,288
Subordinated Liabilities	19	4,25,868	3,79,003	2,94,631
Other Financial Liabilities	20	21,207	19,967	20,093
		51,12,358	**38,87,765**	**30,69,369**
Non - Financial Liabilities				
Provisions	21	7,402	6,343	5,231
Other Non-Financial Liabilities	22	5,296	5,051	642
		12,698	**11,394**	**5,873**
Equity				
Equity share capital	23A	15,643	15,640	15,635
Other Equity	23B	6,01,931	4,94,174	4,12,840
		6,17,574	**5,09,814**	**4,28,475**
TOTAL LIABILITIES AND EQUITY		**57,42,630**	**44,08,973**	**35,03,717**

The accompanying notes are integral part of the financial statements.

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Statement of Profit and Loss

For the year ended March 31, 2019

₹ in lakhs

	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from Operations			
- Interest Income	24A	6,56,526	5,23,581
- Net gain on derecognition of financial instruments under amortised cost category		8,670	-
- Fee Income	24B	18,631	15,369
- Net gain on Fair value change on financial instruments	24C	6,328	991
- Sale of Services	24D	9,042	7,982
Total Revenue from operations (I)		**6,99,197**	**5,47,923**
- Other income (II)	25	**67**	**43**
Total Income (III) = (I) + (II)		**6,99,264**	**5,47,966**
Expenses			
- Finance costs	26	3,58,874	2,65,933
- Impairment of Financial Instruments	27	31,120	30,370
- Employee benefits expense	28	59,058	53,679
- Depreciation and amortisation expense	13, 14 & 15	5,548	4,968
- Other expenses	29	62,349	52,879
Total Expenses (IV)		**5,16,949**	**4,07,829**
Profit before tax (V) = (III) - (IV)		**1,82,315**	**1,40,137**
Tax expense/(benefit)			
- Current tax	30(c)		
- Pertaining to profit for the current period		71,449	53,359
- Adjustment of tax relating to earlier periods		1,600	-
- Deferred tax		(9,349)	(5,052)
Net tax expense (VI)		63,700	48,307
Profit for the year - A = (V) - (VI)		**1,18,615**	**91,830**
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)		(678)	66
Income tax impact		237	(23)
Net loss on equity instrument designated at FVOCI for the year		-	(129)
Income tax impact		-	-
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve		1,306	1,100
Income tax impact		(456)	(384)
Other comprehensive income/(loss) for the year (B)		**409**	**630**
Total comprehensive income for the year (A + B)		**1,19,024**	**92,460**
Earnings per equity share of ₹ 10 each			
- Basic (₹)		75.87	58.75
- Diluted (₹)		75.81	58.70

The accompanying notes are integral part of the financial statements.

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Statement of Changes in Equity

For the year ended March 31, 2019

₹ in lakhs

a) Equity Share Capital	
Balances as on April 01, 2017	15,635
Add: Issue of share capital	5
Balances as on March 31, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	15,643

b) Other Equity (Refer Note 23)

₹ in lakhs

Particulars	Reserve and Surplus								Items of other comprehensive income		Total
	Share application money pending allotment	Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based Payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Balance as at April 01, 2017	**18**	**62,046**	**4**	**3,300**	**1,66,421**	**1,38,777**	**44,883**	**184**	**-**	**(2,793)**	**4,12,840**
Profit for the year	-	-	-	-	-	-	**91,830**	-		-	**91,830**
Re-measurement of defined benefit plans	-	-	-	-	-	-	43	-	-	-	**43**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(129)	716	**587**
Addition during the year	-	-	-	-	241	-	-	862	-	-	**1,103**
Dividend including DDT	-	-	-	-	-	-	(12,228)	-	-	-	**(12,228)**
Application money transferred on allotment	(18)	-	-	-	17	-	-	-	-	-	**(1)**
Transfer to reserves from retained earnings during the year	-	20,000	-	-	-	50,000	(70,000)	-	-	-	-
Balance as at March 31, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,679**	**1,88,777**	**54,528**	**1,046**	**(129)**	**(2,077)**	**4,94,174**
Profit for the year	-	-	-	-	-	-	1,18,615	-	-	-	**1,18,615**
Re-measurement of defined benefit plans	-	-	-	-	-	-	(441)	-	-	-	**(441)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	850	**850**
Dividend including DDT	-	-	-	-	-	-	(12,252)	-	-	-	**(12,252)**
Addition during the year	-	-	-	-	170	-	-	815	-	-	**985**
Transfer to reserves from retained earnings during the year	-	24,000	-	-	-	60,000	(84,000)	-		-	**-**
Balance as at March 31, 2019	**-**	**1,06,046**	**4**	**3,300**	**1,66,849**	**2,48,777**	**76,450**	**1,861**	**(129)**	**(1,227)**	**6,01,931**

Cash Flow Statement

For the year ended March 31, 2019

₹ in lakhs

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
Cash Flow from Operating Activities				
Profit Before Tax		**1,82,315**		**1,40,137**
Adjustments to reconcile profit before tax to net cash flows:-				
Depreciation and amortisation expense	5,548		4,968	
Impairment of financial instruments	31,120		30,370	
Finance Costs	3,58,874		2,65,933	
Loss on Sale of Property plant and equipment (Net)	13		11	
Net gain on fair value change in financial instrument	(6,328)		(991)	
Interest Income on bank deposits	(7,928)		(4,964)	
Share based payment expense	798		847	
		3,82,097		2,96,174
Operating Profit Before Working Capital Changes		5,64,412		4,36,311
Adjustments for :-				
(Increase)/Decrease in operating Assets				
- Loans	(11,86,243)		(9,33,699)	
- Trade receivables	5,052		(2,943)	
- Other Financial Assets	(4,702)		5,831	
- Other Non Financial Assets	(129)	(11,86,022)	(84)	(9,30,895)
Proceeds from de-recognition of financial assets recognised at amortised cost		1,18,220		-
Increase/(Decrease) in operating liabilities & provisions				
- Payables		5,850		8,016
- Other Financial liabilities		1,228		(135)
- Provisions		1,059		1,112
- Other Non-Financial liabilities		245		4,409
Cash Flow used in Operations		(4,95,008)		(4,81,182)
Finance Costs paid	(3,68,945)		(2,57,109)	
Interest Received on Bank Deposits	7,379		4,933	
		(3,61,566)		(2,52,176)
		(8,56,574)		(7,33,358)
Income tax paid (Net of refunds)		(72,807)		(58,933)
Net Cash Used in Operating Activities (A)		(9,29,381)		(7,92,291)
Cash Flow from Investing Activities				
Purchase of Property, plant and Equipment and Intangible Assets	(5,880)		(7,169)	
Proceeds from Sale of Property, plant and equipment	124		117	
Intangible assets under development	(930)		(218)	
Purchase of Investment designated at FVTPL	(1,29,48,000)		(21,53,500)	
Proceeds from sale of investment designated at FVTPL	1,29,54,328		21,54,491	
Net Cash Used in Investing Activities (B)		(358)		(6,279)
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		174		245
Proceeds from issue of Debt securities	17,08,570		14,07,516	
Redemption of Debt securities	(17,36,533)		(13,03,148)	
Proceeds from Borrowing Other than debt securities	32,64,002		16,20,217	

Cash Flow Statement (Contd.)

For the year ended March 31, 2019

₹ in lakhs

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
Repayment of borrowings other than debt securities	(20,79,556)		(9,86,335)	
Proceeds from issue of subordinated liabilities	82,100		71,500	
Repayment of subordinated liabilities	(18,650)		(7,500)	
		12,19,933		8,02,250
Investment in Bank Fixed Deposits (net of withdrawals)		10,385		6,269
Dividends Paid (Including Distribution Tax)		(12,239)		(12,219)
Net Cash From Financing Activities (C)		12,18,253		7,96,545
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**2,88,514**		**(2,025)**
Cash and Cash Equivalents at the Beginning of the Period		25,379		27,404
Cash and Cash Equivalents at the End of the Period		3,13,893		25,379

The accompanying notes are integral part of the financial statements

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

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. 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).

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2019 are the first the Company has prepared in accordance with Ind AS. Refer to notes for information on how the Company adopted Ind AS.

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) 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 not prepared as per the Ind AS financial statements. Note 49 to the standalone financial statements provides the basis of preparation of such regulatory disclosures included in Note 50 to Note 53.

2.1 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 of the following circumstances

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

3. Significant accounting policies

3.1 Financial instruments – initial recognition

3.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the company (as per the terms of the agreement with the borrowers). The company recognises debt securities and borrowings when funds reach the company.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL (Fair value through profit and loss), transaction costs are added to, or subtracted from, this amount.

3.1.3 Measurement categories of financial assets and liabilities

The company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVTPL

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 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 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 2018-19 and 2017-18.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets other than due to substantial modification

3.4.1.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one 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 advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The company cannot sell or pledge the original asset other than as security to the eventual recipients
- The company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company’s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

3.4.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The company records an allowance for the LTECLs.

3.5.2 The calculation of ECLs

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD: The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred,.

LGD: The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the

12 months after the reporting date. The company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

3.5.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

3.6 Collateral repossessed

The Company generally does not use the assets repossessed for the internal operations. These repossessed assets which are intended to be realised by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. The Company resorts to regular repossession of collateral provided against vehicle loans. Further, in its normal course of business, the Company from time to time, also exercises its right over property through legal procedures which include seizure of the property.

As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

3.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.8 Restructured, rescheduled and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower’s request. The Company considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

3.9 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company’s risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

3.9.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

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. The Company 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.

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 in Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straightline method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3.13 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

Useful life of assets as per Schedule II:

Asset Description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Other Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on Management's estimation:

Asset Description	Estimated Useful Life
Furniture and Fixtures*	5 years
Vehicles*	5 years

*Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.14 Intangible assets

The Company's other intangible assets mainly include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight line basis over a 3 year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Employees' State Insurance: The Company contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Superannuation: The Company contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India ("LIC"). The company has no liability for future Superannuation Fund benefits other than its contribution and recognizes such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

The Company makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

3.17 Share Based Payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

3.18 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013 in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.20 Determination of Fair value

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3.21 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the company satisfies a performance obligation.

3.21.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation

3.21.2 Fee Income & Sale of Service

a) Fee income from loans are recognised upon satisfaction of following:

- i) Completion of service
- ii) and realisation of the fee income.

b) Servicing and collections fees on assignment are recognised upon completion of service.

c) Advertising income is recognised over the contract period as and when related services are rendered.

3.22 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

3.23 Input Tax credit (Service tax/ Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted, and when there is no uncertainty in availing / utilising the same. Company can avail 50% of the input credit as per the applicable regulatory laws and hence it charges off the balance 50% to the respective expense.

3.24 Foreign Currency transactions

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

3.25 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.26 Segment Information

The accounting policies adopted for Segment reporting are in line with the accounting policies of the company with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

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 determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss 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.

4. 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 periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 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.

4.2 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.

4.3 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 judgements and 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

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4 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.

4A. Standard issued but not yet effective

Ind AS 116 Leases was notified in March 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company continues to evaluate the available transition methods and its contractual arrangements. The company has established an implementation team to implement Ind AS 116 related to the recognition of ROU asset and lease liability and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 116 on the financial statements will only be possible once the implementation project has been completed.

Ind AS 12 - Uncertain Tax Positions

Appendix C in Ind AS 12 is effective from 1st April 2019 and it set out the principles on recognition and measurement principle when there is uncertainty over income tax treatments. An entity shall evaluate whether it is probable that the tax authority shall accept an uncertain tax treatment. If it is probable, the tax base shall be consistent with that of the items used in its income tax filings. If not probable, the Company shall reflect the effect of uncertainty by using either the most likely amount method or expected value method. If the uncertain tax treatment affects current and deferred tax, the entity shall make consistent judgement and estimates for current and deferred tax.

The interpretation is effective for annual reporting periods beginning on or after 1st April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company is in the process of evaluating the changes and reliable estimate of the quantitative impact will be possible on completion of the study.

Ind AS 19 - Employee Benefits

Ind AS 19 has been amended to factor the impact relating to benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement in determining the past service cost, current service cost and net interest cost or income. The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

Ind AS 12 - Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1st April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its standalone financial statements.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 5 CASH AND CASH EQUIVALENTS			
Cash on hand	4,996	2,525	3,597
Balances with banks			
- In Current Accounts	34,911	21,133	21,067
- In Deposit Accounts - Original maturity of 3 months or less	2,66,662	-	-
Cheques, drafts on hand	7,324	1,721	2,740
Total	**3,13,893**	**25,379**	**27,404**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 6 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
- In Deposit Accounts - Original maturity more than 3 months	1,521	3,481	2,194
- In earmarked accounts			
- In Unpaid Dividend Accounts	68	55	46
- Deposits with Banks as collateral towards securitisation loan	51,995	59,872	67,397
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8	8
Total	**53,592**	**63,416**	**69,645**

₹ in lakhs

Part 1	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilites	Notional amounts	Fair Value -Assets	Fair Value -Liabilites	Notional amounts	Fair Value -Assets	Fair Value -Liabilites
Note : 7 DERIVATIVE FINANCIAL INSTRUMENTS									
(i) Other derivatives - Cross Currency Interest Rate Swap	2,26,150	8,869	841	3,01,500	599	7,655	2,37,400	-	10,103
Total Derivative financial Instruments	**2,26,150**	**8,869**	**841**	**3,01,500**	**599**	**7,655**	**2,37,400**	**-**	**10,103**
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	2,26,150	8,869	841	3,01,500	599	7,655	2,37,400	-	10,103
Total Derivative financial Instruments	**2,26,150**	**8,869**	**841**	**3,01,500**	**599**	**7,655**	**2,37,400**	**-**	**10,103**

The company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises of Currency and Interest Rate Swap. The company undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 8 RECEIVABLES (Unsecured)			
(i) Trade Receivables			
Considered Good*	441	3,823	1,965
Subtotal (i)	**441**	**3,823**	**1,965**
(ii) Other Receivables			
Considered Good*	3,908	5,577	4,492
Subtotal (ii)	**3,908**	**5,577**	**4,492**
Total (i)+(ii)	**4,349**	**9,400**	**6,457**

*Included Dues from related parties, Refer note 37(b)

₹ in lakhs

		As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 9 LOANS (At amortised cost)				
(A)				
(i) Bills Discounted		8,841	13,509	14,717
(ii) Term loans		53,46,457	42,98,073	33,90,298
	Total (A) - Gross	**53,55,298**	**43,11,582**	**34,05,015**
Less: Impairment Allowance for (i) & (ii)		(93,071)	(86,259)	(82,576)
	Total (A) Net	**52,62,227**	**42,25,323**	**33,22,439**
(B)				
(i) Secured by tangible assets		**53,03,106**	**42,60,173**	**33,73,622**
(ii) Secured by intangible assets		-	-	-
(iii) Covered by Bank and Govt guarantees		-	-	-
(iv) Unsecured		**52,192**	**51,409**	**31,393**
	Total (B) - Gross	**53,55,298**	**43,11,582**	**34,05,015**
Less: Impairment Allowance		**(93,071)**	**(86,259)**	**(82,576)**
	Total (B) - Net	**52,62,227**	**42,25,323**	**33,22,439**

All loans are in India granted to individuals or entities other than public sector

Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and/ or corporate guarantees or personal guarantees and/ or undertaking to create a security.

Term loans Includes unsecured short term loans to a subsidiary and associate. These loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created. The details of the same are disclosed below:

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Loan - Outstanding value			
Cholamandalam Securities Limited	1,150	-	1,000
White Data System India Private Limited	340	933	275
Impairment provision			
Cholamandalam Securities Limited	1	-	1
White Data System India Private Limited	-	-	-

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2019

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**
Bill discounted								
Opening as on April 01, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated/ Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,024)	(780)	(147)	(10,951)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,348**	**40**	**3,453**	**8,841**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 01, 2018	3,956,838	195,115	146,120	4,298,073	19,812	20,693	44,396	84,901
New assets originated / Increase in existing assets (Net)	2,737,274	28,031	5,332	2,770,637	8,880	2,848	1,867	13,595
Exposure de-recognised / matured / repaid	(1,526,840)	(113,191)	(55,853)	(1,695,884)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(171,530)	178,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
Closing as on March 31, 2019	**4,998,262**	**207,102**	**141,093**	**5,346,457**	**24,641**	**18,832**	**46,425**	**89,898**
Bills Discounted								
Opening as on April 01, 2017	13,098	297	1,322	14,717	31	27	227	284
New assets originated / Increase in existing assets (Net)	10,316	850	273	11,439	26	62	54	141
Exposure de-recognised / matured / repaid	(12,560)	(64)	(23)	(12,647)	(29)	(6)	-	(35)
Transfer to Stage 3	(538)	(233)	771	-	-	(21)	21	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	968	968
Impact of changes on items within the same stage (net)								
Closing as on March 31, 2018	**10,316**	**850**	**2,343**	**13,509**	**28**	**62**	**1,270**	**1,358**
Term loans								
Opening as on April 01, 2017	2,972,109	239,716	178,473	3,390,298	11,098	19,598	51,595	82,291
New assets originated / Increase in existing assets (Net)	2,239,992	27,790	5,698	2,273,480	8,821	2,892	1,641	13,354
Exposure de-recognised / matured /repaid	(1,159,059)	(113,408)	(60,147)	(1,332,614)	(1,279)	(3,603)	(6,520)	(11,402)
Transfer to Stage 1	99,350	(83,039)	(16,311)	-	10,133	(6,527)	(3,606)	-
Transfer to Stage 2	(147,324)	159,990	(12,666)	-	(591)	3,366	(2,775)	-
Transfer to Stage 3	(40,840)	(29,456)	70,296	-	2,620	(181)	(2,439)	-
Impact on account of exposures transferred during the year between stages	71	262	2,013	2,346	(9,841)	7,762	14,602	12,523
Impact of changes on items within the same stage	-	-	3,712	3,712	(444)	(968)	6,691	5,279
Write off	(7,461)	(6,740)	(24,948)	(39,149)	(705)	(1,646)	(14,793)	(17,144)
Closing as on March 31, 2018	**3,956,838**	**195,115**	**146,120**	**4,298,073**	**19,812**	**20,693**	**44,396**	**84,901**

ECL across stages have been computed on collective basis.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
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	4,240
Cholamandalam Securities Limited 22,500,014 Equity shares of ₹ 10 each fully paid up	2,250	2,250	2,250
b) Associate at cost			
White Data System India Private Limited 1,275,917 Equity shares of ₹ 10 each fully paid up (Subsidiary upto September 2018 and Associate from October 2018)	800	800	800
Total Gross	**7,290**	**7,290**	**7,290**
Less: Impairment allowance	-	-	(453)
Total Net - A	**7,290**	**7,290**	**6,837**
c) Others - Unquoted - FVOCI*			
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up	-	-	129
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 Distribution Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	2	2	2
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only	-	-	-
Total (B)	**2**	**2**	**131**
Grand Total Net (A+ B)	**7,292**	**7,292**	**6,968**

All Investments represented above are made in India

* The company has designated certain unquoted equity instruments as FVOCI on the basis that these are not held for trading.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 11 OTHER FINANCIAL ASSET			
Unsecured - considered good (unless otherwise stated)			
At amortised cost			
Security Deposits	1,905	1,829	1,588
Other advances	1,465	1,794	2,238
Interest Only Strip receivable	9,062	4,107	9,735
	12,432	**7,730**	**13,561**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 12 DEFERRED TAX			
Deferred Tax Assets			
Impairment on financial instruments	32,430	28,700	27,938
Provision for Contingencies and Undrawn commitments	1,341	1,341	1,294
Provision for Compensated Absences and Gratuity	1,251	903	886
Impact of Effective interest rate adjustment on Financial Assets	9,761	6,207	5,588
Contract Liability as per IND AS 115	995	995	
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	637	744	472
Others	367	276	235
(A)	**46,782**	**39,166**	**36,413**
Deferred Tax Liability			
Impact of Effective interest rate adjustment on Financial Liabilities	856	1,184	1,516
Gain on de-recognition of loans	-	1,404	3,370
Items recognised in OCI	626	407	
(B)	**1,482**	**2,995**	**4,886**
Net Deferred Tax Assets (A) - (B)	**45,300**	**36,171**	**31,527**

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment of financial instruments	3,731	-	763	-
Provision for Contingencies and Undrawn commitments	-	-	47	-
Provision for Compensated Absences and Gratuity	348	-	17	
Impact of Effective interest rate adjustment on Financial Assets	3,554	-	619	-
Contract revenue recognition as per IND AS 115	-	-	995	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	(107)	-	272	-
Re-measurement gains / (losses) on defined benefit plans (net)		237		(23)
Others	91	-	41	-
(A)	**7,617**	**237**	**2,754**	**(23)**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	(328)	-	(332)	-
Gain on de-recognition of financial assets	(1,404)	-	(1,966)	-
Cashflow Hedge reserve	-	456	-	384
(B)	**(1,732)**	**456**	**(2,298)**	**384**
Net deferred tax charge / (reversal) (A) - (B)	**9,349**	**(219)**	**5,052**	**(407)**

₹ in lakhs

Particulars	Total
Note : 13 INVESTMENT PROPERTY	
Deemed cost as at April 01, 2017	**5**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2018	**5**
Additions*	**42**
Disposals	-
Gross carrying amount as at March 31, 2019	**47**
Accumulated depreciation and impairment	
Balance as at April 01, 2017	
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2018	**-**
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	**-**
Net Carrying amount	
As at April 01, 2017	**5**
As at March 31, 2018	**5**
As at March 31, 2019	**47**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

Note: The Company has elected to continue with the carrying value for all of its property as recognised in the financial statements as at the date of transition to Ind AS i.e. 1st April, 2017, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1st April, 2017 amounting to ₹ 5 lakhs of Investment Property represents gross cost of ₹ 12 lakhs net of accumulated depreciation of ₹ 7 lakhs as at March 31, 2017

*Additions represents transfer from Property plant and Equipment.

The Company's investment property consists of 3 properties as at 31st March, 2019. Company has let out one property as of 31st March, 2019.

i) Income earned and expense incurred in connection with investment property

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Rental Income	29	28
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generate rental income	0	0

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements

Certain investment properties are leased out to tenants under cancellable operating lease.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
iv) Fair Value			
Investment Property	287	279	271

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ in lakhs	Sensitivity
Note : 13 INVESTMENT PROPERTY (Contd.)						
v) Sensitivity analysis						
Investment Property As at March 31, 2019	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5% sensitivity 2018-19 - Rate per Sq. ft - 5%, ₹14.35 Lakhs	287	14
Investment Property As at March 31, 2018	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5% sensitivity 2017-18 - Rate per Sq. ft - 5%, ₹13.95 Lakhs	279	14
Investment Property As at March 31, 2017	Professional valuer	Price per Sq. feet	₹ 7,000 - 13,000 per Sq. feet	5% sensitivity 2016-17 - Rate per Sq. ft - 5%, ₹13.55 Lakhs	271	14

₹ in lakhs

Particulars	Freehold Land	Buildings (Refer Note below 2&3)	Plant and Machinery	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total Tangible Asset
Note : 14 PROPERTY, PLANT AND EQUIPMENT								
Deemed cost as at April 01, 2017	**3,956**	**2,576**	**1,954**	**842**	**577**	**1,130**	**774**	**11,809**
Additions	-	-	1,923	786	805	1,810	634	5,958
Disposals	-	-	227	25	17	31	347	647
Gross carrying amount as at March 31, 2018	**3,956**	**2,576**	**3,650**	**1,603**	**1,365**	**2,909**	**1,061**	**17,120**
Additions	-	-	1,911	531	445	734	583	4,204
Disposals	-	42	89	47	54	122	381	735
Gross carrying amount as at March 31, 2019	**3,956**	**2,534**	**5,472**	**2,087**	**1,756**	**3,521**	**1,263**	**20,589**
Accumulated depreciation / amortisation and impairment								
Balance as at April 01, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	-	48	1,457	477	660	727	263	3,632
Depreciation on disposals	-		222	17	16	31	231	517
Balance as at March 31, 2018	**-**	**48**	**1,235**	**460**	**644**	**696**	**32**	**3,115**
Depreciation for the year		48	1,754	452	457	746	321	3,778
Depreciation on disposals		0	87	37	53	109	271	557
Balance as at March 31, 2019	**-**	**96**	**2,902**	**875**	**1,048**	**1,333**	**82**	**6,336**
Net Carrying amount								
As at April 01, 2017	**3,956**	**2,576**	**1,954**	**842**	**577**	**1,130**	**774**	**11,809**
As at March 31, 2018	**3,956**	**2,528**	**2,415**	**1,143**	**721**	**2,213**	**1,029**	**14,005**
As at March 31, 2019	**3,956**	**2,438**	**2,570**	**1,212**	**708**	**2,188**	**1,181**	**14,253**
Useful Life of the asset (In Years)		60	3	5	5	5	5	
Method of depreciation					Straightline method			

Note : 14 PROPERTY, PLANT AND EQUIPMENT (Contd.)

Note

1. The company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1st April, 2017, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1st April, 2017 amounting to ₹11,809 lakhs of Property, plant and equipment represents gross cost of ₹23,534 lakhs net of accumulated depreciation of ₹11,725 lakhs as at 31st March, 2017.
2. 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 17.1
3. Disposal represents transfer to Investment property.

₹ in lakhs

Particulars	Computer Software
Note : 15 INTANGIBLE ASSETS	
Deemed cost as at April 01, 2017	**2,195**
Additions	1,211
Disposals	-
Gross carrying amount as at March 31, 2018	**3,406**
Additions	1,676
Disposals	-
Gross carrying amount as at March 31, 2019	**5,082**
Accumulated Amortization and impairment	
Balance as at April 01, 2017	**-**
Amortization for the year	**1,336**
Amortization on disposals	-
Balance as at March 31, 2018	**1,336**
Amortization for the year	**1,770**
Amortization on disposals	-
Balance as at March 31, 2019	**3,106**
Net Carrying amount	
As at April 01, 2017	**2,195**
As at March 31, 2018	**2,070**
As at March 31, 2019	**1,976**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

The Company has elected to continue with the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS i.e. 1st April, 2017, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1st April, 2017 amounting to ₹ 2,195 lakhs of Intangible assets represents gross cost of ₹ 6,105 lakhs net of accumulated depreciation of ₹ 3,910 lakhs as at 31st March, 2017.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 16 OTHER NON FINANCIAL ASSETS			
Unsecured - considered good (unless otherwise stated)			
Prepaid expenses	1,146	1,137	784
Capital Advances	225	105	374
	1,371	**1,242**	**1,158**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 17 DEBT SECURITIES (at amortised cost)			
Redeemable Non-Convertible Debentures Medium-Term - Secured	10,54,445	12,07,379	10,90,391
Commercial Papers - Unsecured	3,63,986	2,30,016	2,56,703
	14,18,431	**14,37,395**	**13,47,094**

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

All debt securities in india

17.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property situated at Ahmedabad and Chennai.

(ii) The company has not defaulted in the repayment of dues to its lenders.

(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 17.2 based on the Contractual terms basis.

17.2 Details of Debentures - Contractual principal repayment value

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	-	Apr-24	8.65
3,523	10,00,000	35,230	-	Sep-23	8.80
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	-	Sep-22	8.70
1,050	10,00,000	10,500	500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	-	Sep-21	8.45
2,550	10,00,000	25,500	-	Jul-21	8.97 to 9.06
2,000	10,00,000	20,000	20,000	Jun-21	8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.09
600	10,00,000	6,000	-	Feb-21	9.09
4,650	10,00,000	46,500	19,500	Dec-20	8.00 to 9.15
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	15,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	8,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.10 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
9,850	10,00,000	98,500	40,000	Feb-20	8.02 to 8.85
5,500	10,00,000	55,000	55,000	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	58,500	83,500	Sep-19	8.06 to 8.46
2,250	10,00,000	22,500	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	73,000	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	27,500	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	67,500	67,500	May-19	8.03 to 9.20
1,100	10,00,000	11,000	11,000	Apr-19	8.00 to 9.20
8,800	10,00,000	-	88,000	Mar-19	7.65 to 9.20
5,200	10,00,000	-	52,000	Feb-19	7.96 to 8.05
2,000	10,00,000	-	20,000	Dec-18	8.20
2,350	10,00,000	-	23,500	Nov-18	7.80 to 10.35
6,400	10,00,000	-	64,000	Sep-18	8.27 to 11.00
500	10,00,000	-	5,000	Aug-18	9.03
5,450	10,00,000	-	54,500	Jun-18	8.95 to 9.13
11,430	10,00,000	-	1,14,300	May-18	8.96 to 10.13
400	10,00,000	-	4,000	Apr-18	9.94 to 9.95
		8,93,390	**10,49,000**		

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 31.03.2019 ₹ in lakhs	Balance as at 31.03.2018 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
1100	10,00,000	11,000	-	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	7,500	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	800	800	Jul-19	12,98,729	2,98,729
500	10,00,000	5,000	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	800	800	Apr-19	13,08,150	3,08,150
250	10,00,000	2,500	2,500	Apr-19	13,13,730	3,13,730
250	10,00,000	-	2,500	Mar-19	16,23,240	6,23,240
100	10,00,000	-	1,000	Mar-19	16,19,345	6,19,345
160	10,00,000	-	1,600	Feb-19	16,35,566	6,35,566
580	10,00,000	-	5,800	Nov-18	13,57,496	3,57,496
100	10,00,000	-	1,000	Jul-18	13,02,320	3,02,320
150	10,00,000	-	1,500	Jul-18	12,59,970	2,59,970
100	10,00,000	-	1,000	May-18	15,80,260	5,80,260
250	10,00,000	-	2,500	Apr-18	13,01,077	3,01,077
60	10,00,000	-	600	Apr-18	12,95,193	2,95,193
		73,000	**79,500**			

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

No. of Debentures	Face Value ₹	Balance as at 31.03.2019 ₹ in lakhs	Balance as at 31.03.2018 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
15	10,00,000	150	-	Mar-21	Feb-20	8.85
10	10,00,000	100	-	Aug-23	Jul-21	9.06
500	10,00,000	-	5,000	Mar-19	Feb-18	8.90
2500	10,00,000	-	25,000	Sep-19	Sep-18	8.20
		250	**30,000**			

(iv) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2019 ₹ in lakhs	Balance as at 31.03.2018 ₹ in lakhs	Due date of redemption	Call option date	Rate of interest %
3,250	10,00,000	32,500	32,500	Aug-19	Aug-18	7.85
		32,500	**32,500**			

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 18 BORROWINGS (Other than Debt Securities) at amortised cost			
a) Term Loans			
i) a) From Banks - Secured			
Rupee Loans	21,62,592	9,44,428	5,40,414
Foreign currency Loans	2,00,467	2,96,830	2,30,346
External Commercial Borrowings	34,629	-	-
i) b) From Banks - Unsecured			
Rupee Loans	50,000	42,000	-
ii) From Other Parties - Secured			
Financial Institutions - Rupee Loans	93,481	75,000	-
Securitisation - Rupee Loans	5,49,261	5,62,244	5,37,364
b) Loan from related parties - Unsecured from subsidiaries - Rupee Loans (Cholamandalam Home Finance Limited)	-	-	3,850
c) Loan repayable on demand - Secured from Banks - Rupee Loans	1,21,945	96,133	66,314
	32,12,375	**20,16,635**	**13,78,288**
Borrowings within India	31,77,746	20,16,635	13,78,288
Borrowings Outside India	34,629	-	-

18.1 Security

(i) Secured term loans from banks and financial institution are secured by way of specific /*pari passu* charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(ii) Loan repayable on demand is in the nature of Cash Credit from banks are 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 borrowing represents the net outstanding value (Net of Investment in Pass-through Certificates) of the sale 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. Refer note 31(1) & 50(a) for further details.

(v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 18.2 based on Contractual terms basis.

18.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2019	31.03.2018
Base Rate / MCLR	< 1year	1	21,000	22,867
		3	12,000	-
		4	20,000	8,000
	1 - 2 years	1	60,000	56,000
		2	-	10,000
		4	60,000	20,000
		5	-	30,000
	2 - 3 years	1	40,000	60,000
		3	15,000	-
		4	-	70,000
	3 - 4 years	6	1,00,000	20,000
		16	25,000	-

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

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			31.03.2019	31.03.2018
	4 - 5 years	6	80,000	1,00,000
		16	-	25,000
Base Rate/ MCLR + spread	< 1year	1	52,000	85,000
(0.05% to 0.92%)		2	-	18,000
	1 - 2 years	1	3,10,000	-
		4	50,000	-
	2 - 3 years	1	5,20,000	3,00,000
		4	1,00,000	15,000
		8	1,00,000	-
	3 - 4 years	1	1,00,000	-
	4- 5 years	10	1,00,000	-
		20	3,00,000	-
Rate based on T Bill + Spread	< 1 year	1	5,000	-
	1 - 2 years	1	20,000	10,000
		3	3,000	-
		5	8,334	-
	2 - 3 years	1	-	20,000
		3	-	4,500
	3 - 4 years	3	28,200	-
	4 - 5 years	3	-	28,200
		4	-	10,000
Fixed Rate	< 1year	1	74,000	30,000
	1 - 2 years	1	-	23,439
	2 - 3 years	1	-	-
		10	30,000	-
	3 - 4 years	16	63,000	
	4 - 5 years	1	-	75,000
3 Months Repo	2 - 3 years	1	30,000	-
Total			**23,26,534**	**10,41,006**
USD 2Y MIBOR + Spread	1-2 years	1	4,000	-
USD 3M LIBOR + Spread	< 1year	1	-	28,879
		4	-	30,065
	1-2 years	1	-	27,559
		5	20,000	-
	2-3 years	5	-	20,304
USD 6M LIBOR + Spread	< 1year	1	1,47,500	48,714
	1-2 years	1	-	1,17,177
	2-3 years	1	34,650	-
Total			**2,06,150**	**2,72,698**

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

Details of Securitised loan

₹ in lakhs

Rate of Interest	Maturity	Amount outstanding* 31.03.2019	31.03.2018
	Less than 1 year	1,90,854	1,76,435
Fixed	1-2 year	1,26,195	1,20,697
(6.1% to 8.5%)	2-3 year	56,971	53,672
	3-4 year	13,886	15,188
	4-5 year	6,506	7,949
	more than 5 years	26,700	38,898
Total		**4,21,112**	**4,12,839**
	Less than 1 year	11,287	12,170
Floating	1-2 year	11,921	13,083
Base Rate/ MCLR - spread	2-3 year	12,280	13,926
(0.75% to 2.65%)	3-4 year	12,060	14,320
	4-5 year	12,319	14,072
	more than 5 years	66,786	77,298
Total		**1,26,653**	**1,44,869**

* Represents amounts to be paid to the securiitsation trust as per the securitisation cash flows net of amounts to be received Investment PTC.

18.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 19 SUBORDINATED LIABILITIES (at amortised cost)			
Perpetual Debt - Unsecured	1,44,179	1,17,625	1,11,937
Subordinated Debt - Unsecured	2,81,689	2,61,378	1,82,694
	4,25,868	**3,79,003**	**2,94,631**

All Subordinated liabilities have been contracted in India

The Company has not defaulted in the repayment of dues to its lenders.

Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 19.1 based on the Contractual terms basis.

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 %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs		
3000	10,00,000	30,000	-	Aug-28	9.75
5300	10,00,000	53,000	31,500	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	7,000	7,000	Jun-19	11.40
1,500	10,00,000	15,000	15,000	May-19	11.70 to 11.75
100	10,00,000	-	1,000	Nov-18	10.55
250	10,00,000	-	2,500	Sep-18	11.25
895	10,00,000	-	8,950	Aug-18	12.25
620	10,00,000	-	6,200	Jun-18	10.55 to 12.25
		2,68,650	**2,35,800**		

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs			
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

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

(iii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at 31.03.2019 ₹ in lakhs	Balance as at 31.03.2018 ₹ in lakhs	Maturity Date - Perpetual	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
1120	5,00,000	5,600	-	Mar-29	10.83
5000	5,00,000	25,000	-	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,40,670	**1,10,070**		

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

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 20 OTHER FINANCIAL LIABILITIES			
Unpaid Dividend	67	55	46
Advances from customers	1,790	1,170	2,163
Security Deposits received	221	212	345
Collections towards derecognised assets pending remittance	4,607	6,901	8,124
Other liabilities	14,522	11,629	9,415
	21,207	**19,967**	**20,093**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 21 PROVISIONS			
Provision for Employee Benefits			
- Compensated Absences	3,514	2,518	1,481
	3,514	**2,518**	**1,481**
Other Provisions (Refer Note 39)			
Provision for contingencies and service tax claims	3,837	3,813	3,740
Provision for undrawn commitments	51	12	10
	3,888	**3,825**	**3,750**
	7,402	**6,343**	**5,231**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 22 OTHER NON FINANCIAL LIABILITIES			
Deferred Rent	834	663	396
Income received in advance	2,303	2,965	158
Statutory Liabilities	2,159	1,423	88
	5,296	**5,051**	**642**

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
Note : 23 A) EQUITY SHARE CAPITAL						
AUTHORISED						
Equity Shares of ₹ 10 each with voting rights	24,00,00,000	24,000	24,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**		**74,000**
ISSUED						
Equity Shares of ₹ 10 each with voting rights	15,64,95,867	15,650	15,64,68,125	15,647	15,64,14,287	15,641
		15,650		**15,647**		**15,641**
SUBSCRIBED AND FULLY PAID UP						
Equity Shares of ₹ 10 each with voting rights	15,63,59,113	15,636	15,63,31,371	15,633	15,62,77,533	15,628
Add : Forfeited Shares	1,30,900	7	1,30,900	7	1,30,900	7
		15,643		15,640		15,635
		15,643		**15,640**		**15,635**

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

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
Equity Shares						
At the beginning of the year	15,63,31,371	15,633	15,62,77,533	15,628	15,61,45,644	15,615
Issued during the year - Employees Stock Option (ESOP) Scheme	27,742	3	53,838	5	1,31,889	13
Outstanding at the end of the year	**15,63,59,113**	**15,636**	**15,63,31,371**	**15,633**	**15,62,77,533**	**15,628**
Forfeited shares						
Equity Shares - Amount originally paid up	**1,30,900**	**7**	**1,30,900**	**7**	**1,30,900**	**7**

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 ₹ 10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

b) Equity Shares held by Holding Company

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited") - Holdig Company	7,25,33,019	7,22,33,019	7,22,33,019

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

Equity Shares **₹ in lakhs**

	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Nos.	% holding in the class	Nos.	% holding in the class	Nos.	% holding in the class
Cholamandalam Financial Holdings Limited - Holding Company	7,25,33,019	46.39	7,22,33,019	46.22	7,22,33,019	46.22

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) Shares reserved for issue under options

Refer Notes 40 for details of shares reserved for issue under options.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018
Note : 23 B) OTHER EQUITY		
Statutory Reserve (Refer Note a)		
Balance at the beginning of the year	82,046	62,046
Add: Amount transferred from retained earnings	24,000	20,000
Closing balance at the end of the year	**1,06,046**	**82,046**
Capital Reserve (Refer Note b)		
Balance at the beginning of the year	4	4
Add: Changes during the year	-	-
Closing balance at the end of the year	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the year	3,300	3,300
Add: Changes during the year	-	-
Closing balance at the end of the year	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the year	1,66,679	1,66,421
Add: Premium on ESOPs exercised	170	258
Closing balance at the end of the year	**1,66,849**	**1,66,679**
General Reserve (Refer Note e)		
Balance at the beginning of the year	1,88,777	1,38,777
Add: Amount transferred from retained earnings	60,000	50,000
Closing balance at the end of the year	**2,48,777**	**1,88,777**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the year	1,046	184
Addition during the year	815	862
Closing balance at the end of the year	**1,861**	**1,046**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018
Note : 23 B) OTHER EQUITY (Contd.)		
Retained Earnings (Refer Note g)		
Balance at the beginning of the year	54,528	44,883
Profit for the year	1,18,615	91,830
Less:		
Dividend		
Equity - Final (₹2 per share - March 31, 2018, ₹ 2 per share - March 31, 2017)	(3,127)	(3,126)
Equity - Interim (₹4.5 per share - March 31, 2019, ₹ 4.5 per share - March 31, 2018)	(7,036)	(7,034)
Distribution tax on Equity Dividend	(2,089)	(2,068)
Distribution tax on Preference Dividend	-	-
Transfer to Statutory Reserve	(24,000)	(20,000)
Transfer to General Reserve	(60,000)	(50,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(441)	43
Closing balance at the end of the year	**76,450**	**54,528**
Cash flow hedge reserve (Refer Note h)		
Balance at the beginning of the year	(2,077)	(2,793)
Addition	850	716
Closing balance at the end of the year	**(1,227)**	**(2,077)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the year	(129)	-
Addition	-	(129)
	(129)	**(129)**
Share Application Money pending Allotment at the end of the year	**-**	**-**
Total Other Equity	**6,01,931**	**4,94,174**

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 Cholamandalam 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 year represents the premium received towards allotment of 27,742 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 Group's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act.

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. Stock options granted but not vested as on the transition date were valued for expired period, calculated from the grant date till date of transition, and were credited to Share Based Payment reserve.

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 above are not distributable in entirety.

Note : 23 B) OTHER EQUITY (Contd.)

h) Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the company accounting policies.

i) FVOCI Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income.

Proposed dividend

The Board of Directors of the company have recommended a final dividend of 20% being ₹ 2 per share on the equity shares of the company, for the year ended 31st March, 2019 (₹ 2 per share - 31st March, 2018) 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

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 24 REVENUE FROM OPERATIONS		
Note :24A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
- Bills Discounting	1,027	1,573
- Term loans	6,47,571	5,17,044
(b) Bank Deposits		
- Bank Deposits under lien	4,384	4,950
- Other Bank Deposits free of lien	3,544	14
Total (A)	**6,56,526**	**5,23,581**
Note :24B		
(i) Fee Income*		
- Term loans	18,631	15,369
Total (B)	**18,631**	**15,369**
***Services are rendered at a point in time**		
Note :24C		
Net gain on fair value changes on FVTPL - Realised		
Income from mutual funds	6,328	991
Total (C)	**6,328**	**991**
Note :24D		
(i) Sale of Services (Refer note below)		
(a) Servicing and Collection fee on Assignment	242	288
(b) Other Service Income	8,800	7,694
Total (D)	**9,042**	**7,982**
Note: Timing of revenue recognition		
Services rendered at a point in time	8,194	7,491
Services rendered over a time	606	203
Total	**8,800**	**7,694**

Details related to services rendered over a time

a) Contract balances

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Contract Liabilities	2,241	2,847

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

Note : 24 REVENUE FROM OPERATIONS (Contd.)

b) Movement in Contract liability during the period as follows

₹ in lakhs

Particulars	2018-19	2017-18
Contract liability at the beginning of the year	2,847	-
Revenue Recognised during the period	606	203
Contract liability at the end of the year	2,241	2,847

c) Total Revenue from Customer

₹ in lakhs

Particulars	2018-19	2017-18
Total Revenue from contracts with Customer	27,673	23,351

d) Due to Company's nature of business and the type of contracts entered with the customers, the company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - 31st March, 2018)

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 Servicing 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

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 25 OTHER INCOME		
Rent	29	28
Miscellaneous Income	38	15
	67	**43**
Rent received are from cancellable operating lease for office space	29	28

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 26 FINANCE COST		
Interest on financial liabilities measured at amortised cost		
- Debt Securities	136,560	1,34,656
- Borrowings Other than Debt securities	1,89,356	1,07,264
- Subordinated Liabilities	31,588	21,515
Others		
- Bank charges	1,370	2,498
	3,58,874	**2,65,933**

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
Loss Assets Written Off (Net) - Loans	4,364	9,688
Loss on disposal of Re-possessed assets	19,881	17,474
Impairment provision- Loans - measured at amortised cost	6,875	3,661
	31,120	30,823
Investment		
(Reversal) of Impairment provision - Investment at cost	-	(453)
	31,120	**30,370**

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 28 EMPLOYEE BENEFITS EXPENSES		
Salaries, Bonus and Commission	53,553	47,786
Contribution to Provident and Other Funds		
- Employees' Provident Fund	2,181	1,827
- Superannuation Fund	256	199
Share based payment expense	798	847
Gratuity Expense	670	633
Staff Welfare Expenses	1,600	2,387
	59,058	**53,679**

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 29 OTHER EXPENDITURE		
Rent and facility charges	5,278	4,808
Rates and Taxes	666	2,417
Energy cost	1,190	1,109
Repairs and Maintenance	297	208
Communication Costs	2,546	2,279
Printing and Stationery	1,206	1,118
Advertisement and publicity Expenses	1,599	863
Directors Fees, allowances and Expenses	82	58
Auditors' Remuneration	63	105
Legal and Professional Charges	3,212	3,601
Insurance	1,154	896
Travelling and Conveyance	4,581	6,232
Information Technology Expenses	2,456	2,955
Loss on Sale of Property, Plant and Equipment (Net)	13	11
Recovery Charges	20,294	16,730
Corporate Social Responsibility Expenditure (Refer note 29.3 below)	2,307	1,757
Outsource cost	15,245	7,748
Miscellaneous Expenses	409	220
	62,598	53,115
Less : Expenses Recovered	(249)	(236)
	62,349	**52,879**

29.1 Cancellable operating lease entered for office space	4,603	4,246
29.2 Miscellaneous Expenses includes:		
Donations	50	-
29.3 Details of CSR expenditure		
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,307	1,757
Amount spent during the year		
(a) Construction / acquisition of asset	-	-
(b) Others	2,307	1,757

Note : 30

a) Share application money pending allotment as at March 31, 2017 represents amount received towards 10,261 Equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

b) Earnings Per Share

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit After Tax (₹ in lakhs)	**1,18,615**	**91,830**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**1,18,615**	**91,830**
Weighted Average Number of Equity Shares (Basic)	15,63,46,240	15,62,99,308
Add: Dilutive effect relating to ESOP	1,15,599	1,54,853
Weighted Average Number of Equity Shares (Diluted)	15,64,61,839	15,64,54,161
Earnings per Share - Basic (₹)	**75.87**	**58.75**
Earnings per Share - Diluted (₹)	**75.81**	**58.70**
Face Value Per Share (₹)	**10.00**	**10.00**

Note:

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

c) Income tax reconciliation

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March 2019 and 2018 is, as follows:

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Accounting profit before tax from continuing operations	1,82,315	1,40,137
Income tax rate of 34.94% (March 31, 2018: 34.608%)	63,708	48,499
Effects of:		
Impact of difference in tax base for Donations and CSR Expense	461	420
Share based payment expense - No deduction claimed under tax	279	293
Impact of deduction u/s 35(1)(ii)	(189)	-
Impact Deduction u/s 80JJA	(360)	(357)
Other Adjustments	(199)	(21)
Reversal of provision for diminution in investment	-	(157)
Effect of enacted tax rate on Deferred tax	-	(370)
Income tax expense reported in statement of profit and loss	63,700	48,307

The effective income tax rate for 31st March 2019 is 34.944 % (31st March 2018: 34.608%).

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.

Note : 31 TRANSFER OF FINANCIAL ASSETS (Contd.)

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Securitisations			
Carrying amount of transferred assets measured at amortised cost	564,273	565,367	532,084
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	549,261	562,244	537,364
Fair value of assets	587,198	592,874	556,963
Fair value of associated liabilities	547,398	573,248	533,087
Net position at Fair Value	39,800	19,626	23,876

B) Direct bilateral assignment

The company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Assignment			
Carrying amount of de-recognised financial asset	1,67,117	67,091	1,02,950
Carrying amount of Retained Assets at amortised cost	19,020	8,648	12,467

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Assignment		
Gain on sale of the de-recognised financial asset	8,670	-

31.2 Transferred financial assets that are derecognised in their entirety but where the company has continuing involvement

The company has not transferred any assets that are derecognised in their entirety where the company continues to have continuing involvement.

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018 Current Auditor	Year ended 31.03.2018 Previous Auditor
Note : 32 AUDITORS' REMUNERATION			
Statutory Audit	39	39	-
Interim Audit	-	9	-
Limited Review	14	5	4
Tax Audit	4	-	4
Other Services	-	30*	9
Reimbursement of Expenses (incl. input tax credit expensed)	6	4	1
Total	**63**	**87**	**18**

*represents professional charges in connection with establishment of Medium Term Note programme in Singapore Stock Exchange - SGX

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 31st March 2019 and as at 31st March 2018.

The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

Note : 34

a) Expenditure in Foreign Currencies

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Travel	18	23
Interest and processing charges for debt instruments	28	3
Membership fees	2	2
Rating fees	73	56
Professional charges	135	50
Others	21	67

b) Remittances in Foreign Currencies

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Purchase of fixed assets	985	1,030

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 ₹ 2,181 lakhs (Previous Year - ₹ 1,827 lakhs) to Provident Fund under Defined Contribution Plan, ₹ 256 lakhs (Previous Year - ₹ 199 lakhs) for Contributions to Superannuation Fund and ₹ 208 lakhs (Previous Year - ₹ 361 lakhs) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

The company's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2019

Note : 35 RETIREMENT BENEFIT (Contd.)

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

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Defined Benefit Obligation at the beginning of the year	**3,063**	**2,511**
Current Service Cost	695	567
Interest Cost	233	173
Re-measurement Losses/(Gains)		
a) Effect of changes in financial assumptions	83	(141)
b) Effect of experience adjustments	525	165
Benefits Paid	(146)	(212)
Transfer in/out	4	-
Defined Benefit Obligation at the end of the year	**4,457**	**3,063**
Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	3,398	1,433
Expected Returns on Plan Assets	258	107
Employer's Contribution	37	1,980
Benefits Paid	(146)	(212)
Return on plan assets (excluding interest income)	(70)	90
Transfer in/out	4	-
Fair Value of Plan Assets at the end of the year	**3,481**	**3,398**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	3,481	3,398
Defined benefit obligation at the End of the Year	4,456	3,063
Amount Recognised in the Balance Sheet under Other Payables (Note 11 - Other financial assets - March 31, 2018)	**(976)**	**335**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	695	567
Net interest Expense	233	173
Expected Return on Plan Assets	(258)	(107)
Net Cost recognized in the statement of Profit and Loss	**670**	**633**
Re-measurement Losses/(Gains)		
a) Effect of changes in financial assumptions	83	(141)
b) Effect of experience adjustments	525	165
c) Return on plan assets (excluding interest income)	70	(90)
Net cost recognized in Other Comprehensive Income	**678**	**(66)**
Assumptions		
Discount Rate	7.30% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a	13% p.a
- Others	13% p.a	13% p.a
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the next (valued on undiscounted basis)		
Within the next 12 months (next annual reporting period)	536	378
Between 2 and 5 years	2,234	1,533
Between 5 and 10 years	2,202	1,562
Beyond 10 Years	2,758	2,005
Total Expected Cash flows	**7,730**	**5,478**

Note : 35 RETIREMENT BENEFIT (Contd.)

₹ in lakhs

Particulars	31.03.2019		31.03.2018	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis:				
Discount Rate (+/- 1%)	4,189	4,754	2,878	3,247
Salary Growth Rate (+/- 1%)	4,725	4,204	3,253	2,872
Attrition Rate (+/- 50% of attrition rates)	4,342	4,574	2,991	3,135
Mortality Rate (+/- 10% of mortality rates)	4,456	4,456	3,063	3,062

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 ₹ 1,738 lakhs.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Assumptions		
Discount Rate	7.60% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a.	13% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31st March, 2019.
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 31st March 2019, For management purposes, the Company has been organised into three operating segments based on products and services, as follows

Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipment and loan to automobile dealers. Home equity - Loans to customer against immovable property Other loans - This includes loans given for acquisition of residential property, loan against shares and other unsecured loans

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on a entity as whole basis and are not allocated to operating segments.

Note : 36 SEGMENT INFORMATION (Contd.)

₹ in lakhs

	Year ended March 31, 2019				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
- Interest Income	5,17,529	1,08,420	22,584	7,993	**6,56,526**
- Net gain on derecognition of financial instruments under amortised cost category	-	8,670	-	-	**8,670**
- Fee Income	16,766	1,711	155	(1)	**18,631**
- Net gain on Fair value change on financial instrument	-	-	-	6,328	**6,328**
- Sale of Services	8,064	238	120	620	**9,042**
Segment revenue from Operations (I)					
- Other income (II)	-	-	-	67	**67**
Total Segment Income - (I) + (II)	**5,42,359**	**119,039**	**22,859**	**15,007**	**6,99,264**
Expenses					
- Finance costs	2,80,263	70,738	12,565	(4,692)	**3,58,874**
- Impairment of Financial Instruments	26,883	(433)	4,670	-	**31,120**
- Employee benefits expense	49,965	5,286	3,614	193	**59,058**
- Depreciation and amortisation expense	4,938	513	97	-	**5,548**
- Other expenses	52,488	5,263	2,281	2,317	**62,349**
Segment Expenses	**4,14,537**	**81,367**	**23,227**	**(2,182)**	**5,16,949**
Segment Profit / (loss) before taxation	**1,27,822**	**37,672**	**(368)**	**17,189**	**1,82,315**
Tax expense					**63,700**
Profit for the year					**1,18,615**

₹ in lakhs

	Year ended March 31, 2018				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
- Interest Income	3,99,138	1,03,116	16,337	4,990	**5,23,581**
- Fee Income	13,299	1,815	221	34	**15,369**
- Net gain on Fair value change on financial instrument	-	-	-	991	**991**
- Sale of Services	6,536	339	1	1,106	**7,982**
Segment revenue from Operations (I)					
- Other income (II)	-	-	-	43	**43**
Total Segment Income - (I) + (II)	**4,18,973**	**1,05,270**	**16,559**	**7,164**	**5,47,966**
Expenses					
- Finance costs	2,04,538	68,223	8,496	(15,324)	**2,65,933**
- Impairment of Financial Instruments	20,072	7,059	3,692	(453)	**30,370**
- Employee benefits expense	47,028	4,127	2,351	173	**53,679**
- Depreciation and amortisation expense	4,478	416	74	-	**4,968**
- Other expenses	43,263	5,703	2,335	1,578	**52,879**
Segment Expenses	**3,19,379**	**85,528**	**16,949**	**(14,026)**	**4,07,829**
Segment Profit / (loss) before taxation	**99,594**	**19,742**	**(390)**	**21,190**	**1,40,137**
Tax expense					**48,307**
Profit for the year					**91,830**

Note : 36 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on March 31, 2019					
Segment Assets	40,58,768	9,95,439	2,06,525		**52,60,732**
Unallocable Assets				4,81,898	**4,81,898**
Total Assets					**57,42,630**
Segment Liabilities	36,70,570	9,00,231	1,86,772		**47,57,573**
Unallocable Liabilities				3,67,483	**3,67,483**
Total Liabilities					**51,25,056**
As on March 31, 2018					
Segment Assets	31,44,019	9,42,431	1,38,896		**42,25,346**
Unallocable Assets				1,83,627	**1,83,627**
Total Assets					**44,08,973**
Segment Liabilities	28,35,236	8,49,876	1,25,255		**38,10,367**
Unallocable Liabilities				88,792	**88,792**
Total Liabilities					**38,99,159**
As on April 01, 2017					
Segment Assets	23,63,402	8,62,600	95,436		**33,21,438**
Unallocable Assets				1,82,279	**1,82,279**
Total Assets					**35,03,717**
Segment Liabilities	21,19,163	7,73,457	85,573		**29,78,193**
Unallocable Liabilities				97,049	**97,049**
Total Liabilities					**30,75,242**

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

As the asset are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Company's total revenue in the Current year and Previous year.

Note : 37 RELATED PARTY DISCLOSURES

List of Related Parties

- **Holding Company :** Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Company Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk Services Limited
- **Subsidiaries:** Cholamandalam Securities Limited, Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited), White Data Systems India Private Limited (upto September 2018)
- **Associate :** White Data Systems India Private Limited (Effective October 2018)
- **Key Managerial Personnel:**
  a) Mr. S. Vellayan, Managing Director (upto August 19, 2017)
  b) Mr. N. Srinivasan, Executive Vice Chairman and Managing Director (from August 19, 2017 upto August 18, 2018) ;
  c) Mr. Arun Alagappan, Executive Director (From August 19, 2017)
  d) Mr. D. Arulselvan, Chief Financial Officer
  e) Ms. P. Sujatha, Company Secretary

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2019

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

- **Non-Executive Directors**
  1. Mr. M.B.N. Rao (upto July 26, 2018)
  2. Mr. V. Srinivasa Rangan
  3. Ms. Bharati Rao
  4. Mr. Ashok Kumar Barat
  5. Mr. Nalin Mansukhlal Shah (Upto July 27, 2017)
  6. Mr. M.M. Murugappan (Upto October 31, 2017 for FY 17-18, From May 31, 2018 for FY 18-19)
  7. Mr. N. Ramesh Rajan (From October 30, 2018)
  8. Mr. Rohan Verma (From March 25, 2019))

Note:

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

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Note : 37 a) TRANSACTIONS DURING THE YEAR		
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	4,709	4,695
b) Ambadi Investments Limited	456	469
c) Parry Enterprises Limited	0	0
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	73	38
b) Cholamandalam Securities Limited	75	53
c) Cholamandalam Home Finance Limited	3,556	35
d) Cholamandalam MS General Insurance Company Limited	28	6,602
e) White Data Systems India Private Limited	16	1
f) Cholamandalam MS Risk Services Limited	0	1
Expenses - Reimbursed		
a) Cholamandalam Securities Limited	9	8
b) Cholamandalam MS General Insurance Company Limited	124	97
Services Received		
a) Cholamandalam Securities Limited	6	-
b) White Data Systems India Private Limited	33	51
c) Ambadi Investments Limited	0	-
d) Parry Enterprises Limited	748	2,738
e) Parry Agro Limited	2	-
Expense recovered - Rent		
a) Cholamandalam Securities Limited	60	47
b) Cholamandalam Home Finance Limited	-	12
c) Cholamandalam MS General Insurance Company Limited	56	51
d) Parry Enterprises Limited	1	-
Rental Expense		
a) Cholamandalam Home Finance Limited	8	-
Loans given		
a) Cholamandalam Securities Limited	15,300	15,550
b) White Data Systems India Private Limited	900	3,106

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Loans recovered		
a) Cholamandalam Securities Limited	14,150	16,550
b) White Data Systems India Private Limited	572	2,461
Interest Income		
a) Cholamandalam Securities Limited	47	23
b) White Data Systems India Private Limited	18	92
Loans availed		
a) Cholamandalam Home Finance Limited	41,550	4,350
Loans repaid		
a) Cholamandalam Home Finance Limited	41,550	8,200
Interest Expense		
a) Cholamandalam Home Finance Limited	186	283
b) Cholamandalam MS General Insurance Company Limited	1,991	1,036
Commission and Sitting fees to non-executive Directors	68	48

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 37 b) BALANCES OUTSTANDING AT THE YEAR END			
Rental Deposit Receivable / (Payable)			
a) Cholamandalam Financial Holdings Limited	-	-	(1)
b) Cholamandalam MS General Insurance Company Limited	(21)	(21)	(21)
Loans - Receivable			
a) Cholamandalam Securities Limited	1,150	-	1,000
b) White Data Systems India Private Limited	340	933	275
Debt Securities - Payable			
a) Cholamandalam MS General Insurance Company Limited	(22,249)	(23,341)	-
Borrowings other than Debt Securities - Payable			
a) Cholamandalam Home Finance Limited	-	-	(3,850)
Other Receivable / (Payable)			
a) Cholamandalam Financial Holdings Limited	-	-	3
b) Cholamandalam Securities Limited	1	(1)	1
c) Cholamandalam Home Finance Limited	282	-	0
d) Cholamandalam MS General Insurance Company Limited	43	1,855	1,188
e) White Data Systems India Private Limited	-	11	(1)
f) Parry Enterprises Limited	-	1	-
g) Parry Agro Limited	-	1	0

Note : 37 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Nature of Transaction	Year ended 31.03.2019	Year ended 31.03.2018
Note : 37 c) KEY MANAGERIAL PERSONNEL		
Short- term employee benefits	799	885
Post-employment pension (defined Contribution)	81	49
Dividend Payments	16	16
Share based payments	56	88

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 2019	Maximum Amount Outstanding during year March 2018
(A)	To Subsidiaries		
	- Cholamandalam Securities Limited	2,600	
	- Cholamandalam Home Finance Limited	-	
(B)	To Associates		
	- White Data Systems India Private Limited	919	1,484

II. Cholamandalam Financial Holdings Limited (CFHL), promoter-group company holds 46% of equity shares of the company. Disclosure relating to transactions with CFHL is given above.

Note : 38 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Income tax and Interest on Tax issues where the company has gone on appeal	17,316	15,577	30,850
Decided in the Company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,292	38	38
Sales Tax issues pending before Appellate Authorities in respect of which the company is on appeal.	5,081	4,992	2,843
Service Tax issues pending before Appellate Authorities in respect of which the company is on appeal.	19,978	13,702	13,693
Disputed claims against the company lodged by various parties under litigation (to the extent quantifiable)	6,741	8,042	6,274

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.

Note : 38 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

(b) Commitments

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2019	As at 01.04.2017
Capital commitments	1,619	402	964
Disbursements – Undrawn lines	73,345	56,632	38,670

(c) The Supreme Court had passed judgement on 28th February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of caution, the company has complied the same on prospective basis from the date of the SC order.

Note : 39 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2018	Additional Provision	Utilisation/ Reversal	As at 31.03.2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Undrawn commitments	12	39	-	51

Particulars	As at 01.04.2017	Additional Provision	Utilisation/ Reversal	As at 31.03.2018
Provision for Contingencies and Service Tax claims	3,740	73	-	3,813
Provision for Undrawn commitments	10	2	-	12

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 31st March, 2019 is ₹ 73,345 lakhs (₹ 56,632 lakhs as at 31st March, 2018 and ₹ 38,670 lakhs as at 1st April, 2017).

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 31st March, 2019 is ₹ 51 lakhs (₹ 12 lakhs as at 31st March, 2018 and ₹ 10 lakhs as at 1st April, 2017).

Note : 40 ESOP DISCLOSURE

ESOP 2007

The Board at its meeting held on 22nd June, 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 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 27th October, 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 ₹ 798 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 28).

Note : 40 ESOP Disclosure (Contd.)

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

Employee Stock Option Plan 2007

		Options outstanding	During the Year 2018-19			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	**Date of Grant**	**As at 31.03.2018**	**Option Granted**	**Options Forfeited / Expired**	**Options Exercised and allotted**	**As at 31.03.2019**	**As at 31.03.2019**	**As at 31.03.2019**	**Exercise Price**	**Weighted Average Remaining Contractual Life**
Gt 25 Apr 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

		Options outstanding	During the Year 2018-19			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	**Date of Grant**	**As at 31.03.2018**	**Option Granted**	**Options Forfeited / Expired**	**Options Exercised and allotted**	**As at 31.03.2019**	**As at 31.03.2019**	**As at 31.03.2019**	**Exercise Price**	**Weighted Average Remaining Contractual Life**
GT25 JAN2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30 JAN2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30 JAN2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23 APR2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26 JUL2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30 OCT2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19 MAR2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

Note: Includes options (vested and unvested) issued to employees of subsidiary as at 31st March 2019 - 11,276 options (31st March 2018 - 11, 276 options)

Note : 40 ESOP DISCLOSURE (Contd.)

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

Employee Stock Option Plan 2007

		Options outstanding	During the Year 2017-18			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2017	Option Granted	Options Cancelled / lapsed	Options Exercised and allotted	As at 31.03.2018	As at 31.03.2018	As at 31.03.2018	Exercise Price	Weighted Average Remaining Contractual Life
Gt 30 Jul 2007	30-Jul-07	4,224	-	-	4,224	-	-	-	193	-
Gt 25 Jan 2008	25-Jan-08	328	-	-	328	-	-	-	262	-
Gt 25 Apr 2008	25-Apr-08	6,069	-	-	5,769	300	300	-	192	-
GT 27 JAN 2011A	27-Jan-11	27,563	-	-	11,938	15,625	15,625	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	23,482	-	-	9,125	14,357	14,357	-	163	-
GT 27 OCT 2011	27-Oct-11	10,323	-	-	2,287	8,036	8,036	-	155	-
Total		**77,965**	**-**	**-**	**33,671**	**44,294**	**44,294**	**-**		

Employee Stock Option Plan 2016

		Options outstanding	During the Year 2017-18			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2017	Option Granted	Options Cancelled / lapsed	Options Exercised and allotted	As at 31.03.2018	As at 31.03.2018	As at 31.03.2018	Exercise Price	Weighted Average Remaining Contractual Life
GT25 JAN2017	25-Jan-17	5,71,000	-	28,180	20,167	5,22,653	88,397	4,34,256	1,010	1.95
GT30 JAN2018	30-Jan-18	-	55,920	-	-	55,920	-	55,920	1,310	1.96
GT30 JAN2018A	30-Jan-18	-	26,940	-	-	26,940	-	26,940	1,310	2.54
Total		**5,71,000**	**82,860**	**28,180**	**20,167**	**6,05,513**	**88,397**	**5,17,116**		

Note : 40 ESOP DISCLOSURE (Contd.)

The following tables list the inputs to the Black Scholes model used for the plans for the year ended 31st March 2019:

ESOP 2007

Variables						
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant (₹)**	**Fair Value of the Option (₹)**
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

The shareholders of the company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended 31st March, 2019 is ₹ Nil (31st March, 2018 - ₹ 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

Note : 40 ESOP DISCLOSURE (Contd.)

ESOP 2016

	Variables					
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant (₹)**	**Fair Value of the Option (₹)**
25-01-2017	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29
30-01-2018	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	496.82
30-01-2018	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	531.84
23-04-2018	7.45% - 7.81%	3.51 - 6.51 years	30.33% - 32.38%	0.42%	1,562.35	646.08
26-07-2018	7.71% - 7.92%	3.51 - 5.51 years	30.56% - 31.83%	0.43%	1,497.30	586.32
30-10-2018	7.61% - 7.85%	3.51 - 6.51 years	32.34% - 32.70%	0.51%	1,268.50	531.36
19-03-2019	6.91% - 7.25%	3.51 - 6.51 years	32.19% - 32.59%	0.47%	1,390.05	564.13

Note : 41 SHARING OF COSTS

The company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed between them, which has been relied upon by the Auditors.

Note : 42 CAPITAL MANAGEMENT

The company maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), maintain strong credit rating and healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the Company's capital is monitored by the Board using, among other measures, the regulations issued by RBI.

The company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The company has complied in full with the capital requirements prescribed by RBI over the reported period. Refer Note 52A(i) for disclosure of capital adequacy as per applicable RBI regulations.

42.1 Risk Management

The company 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 value as well as in identifying opportunities. Risk management is therefore made an integral part of the company's effective management practice.

Risk Management Framework: The 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.

The company has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights 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 also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The company identifies and monitors risks periodically. 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 risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and

Note : 42 CAPITAL MANAGEMENT (Contd.)

monitors the risk profile of the company directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, 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. 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 company's risk management initiatives and risk MIS are reviewed monthly by the managing director and business heads. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity and foreign currency risk.

42.2 Credit Risk

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.

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 developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business.

The company also has a well developed business planning 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 activities. The company is exposed to interest rate risk and liquidity risk.

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.

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 74% of the loan book of the Company as of 31st March, 2019 (73% as of 31st March, 2018). 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 5% and 22% leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 21% of the lending book of the company as of 31st March, 2019 (24% as of 31st March, 2018). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

Note : 42 CAPITAL MANAGEMENT (Contd.)

The Concentration of risk is managed by company for each product by its region and its subsegments. Company did not overly depend on few regions or sub-segments as of March 31, 2019.

42.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the company's readiness.

42.6 Liquidity Risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The company also has lines of credit that it can access to meet liquidity needs.

Refer Note No 47 for the summary of maturity profile of undiscounted cashflows of the company's financial assets and financial liabilities as at reporting period.

42.7 Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the company arise majorly on account of foreign currency borrowings. The company manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The company holds derivative financial instruments such as Cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2019

Note : 42 CAPITAL MANAGEMENT (Contd.)

42.8 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2019								
Foreign Exchange Risk on Cash Flow Hedge	**Nominal Value of Hedging Instruments (No. of Contracts)**		**Carrying Value of Hedging Instruments (₹ in Lakhs)**		**Maturity Date**	**Changes in Fair value of Hedging Instrument (₹ in Lakhs)**	**Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in Lakhs)**	**Line item in Balance sheet**
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	5	1	1,82,631	35,491	November 07, 2019 to March 18, 2022	(8,028)	8,415	Borrowings and Finance cost

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in Lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in Lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in Lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	1,306	-	-	NA

As at March 31, 2018								
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	4	4	76,901	2,31,655	June 30, 2018 to September 25, 2020	(7,056)	5,363	Borrowings and Finance cost

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in Lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in Lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in Lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	1,100	-	-	NA

As at March 31, 2017								
Foreign Exchange Risk on Cash Flow Hedge	**Nominal Value of Hedging Instruments (No. of Contracts)**		**Carrying Value of Hedging Instruments (₹ in Lakhs)**		**Maturity Date**	**Changes in Fair value of Hedging Instrument (₹ in Lakhs)**	**Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in Lakhs)**	**Line item in Balance sheet**
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	-	5	-	2,47,503	October 27, 2017 to November 08, 2019	(10,103)	7,310	Borrowings and Finance cost

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	2,793	-	-	NA

Note : 42 CAPITAL MANAGEMENT (Contd.)

42.9 Collateral and other Credit Enhancements

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The company obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Company values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Company's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Company for loan against securities.

The company does not obtain any other form of credit enhancement other than the above. 99% of the Company's term loan are secured by way of tangible Collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

Note : 43 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in the financial statements.

Note : 44

44.1 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the company 's financial instruments that are not carried at fair value in the balance sheet. This table does not include the fair values of non-financial assets and non-financial liabilities.

₹ in lakhs

	31.03.2019		31.03.2018		01.04.2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Cash and Cash Equivalents	313,893	313,893	25,379	25,379	27,404	27,404
Bank balances Other than Cash and Cash Equivalents	53,592	53,592	63,416	63,416	69,645	69,645
Receivables						
i) Trade Receivables	441	441	3,823	3,823	1,965	1,965
ii) Other Receivables	3,908	3,908	5,577	5,577	4,492	4,492
Loans	5,262,227	5,244,731	4,225,323	4,313,801	3,322,439	3,376,236
Investments	7,292	7,292	7,292	7,292	6,968	6,968
Other Financial Assets	12,432	12,432	7,730	7,730	13,561	13,561
Total Financial Assets	**5,653,785**	**5,636,289**	**4,338,540**	**4,427,018**	**3,446,474**	**3,500,271**
Financial Liabilities						
Payables						
i) Trade Payables	20,742	20,742	17,063	17,063	11,017	11,017
ii) Other Payables	12,894	12,894	10,047	10,047	8,143	8,143
Debt Securities	1,418,431	1,413,496	1,437,395	1,446,861	1,347,094	1,355,132
Borrowings (Other than Debt Securities)	3,212,375	3,210,512	2,016,635	2,027,639	1,378,288	1,374,011
Subordinated Liabilities	425,868	428,174	379,003	369,939	294,631	300,287
Other Financial Liabilities	21,207	21,207	19,967	19,967	20,093	20,093
Total Financial Liabilities	**5,111,517**	**5,107,025**	**3,880,110**	**3,891,516**	**3,059,266**	**3,068,683**

Note: 44.1 Fair value of financial instruments not measured at fair value (Contd.)

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities disclosed under level 2 category.

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

ii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

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, 2019

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	-

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, 2018

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	599	-	599	-
Assets for which fair values are disclosed				
Investment Properties *	5	-	-	279

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.

Note : 44.2 Fair value hierarchy (Contd.)

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2018

₹ 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	7,655		7,655	

There have been no transfers between different levels during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at April 1, 2017

₹ 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	129			129
Assets for which fair values are disclosed				
Investment Properties *	5			271

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 April 1, 2017

₹ 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	10,103		10,103	

There have been no transfers between different levels during the period.

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

₹ in lakhs

Particulars		As at	
	31.03.2019	31.03.2018	01.04.2017
Financial Assets			
Cash and Cash Equivalents	313,893	25,379	27,404
Bank balances other than Cash and Cash Equivalents	53,592	63,416	69,645
Loans	5,262,227	4,225,323	3,322,439
Other Financial Assets	12,432	7,730	13,561
Financial Liabilities			
Debt Securities	1,418,431	1,437,395	1,347,094
Borrowings (Other than Debt Securities)	3,212,375	2,016,635	1,378,288
Subordinated Liabilities	425,868	379,003	294,631
Other Financial liabilities	21,207	19,967	20,093

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, 2019			
Financial Assets			
Cash and Cash Equivalents	3,13,893	3,13,893	-
Bank balances Other than Cash and Cash Equivalents	53,592	19,682	33,910
Derivative financial instruments	8,869	7,229	1,640
Receivables			-
i) Trade Receivables	441	441	
ii) Other Receivables	3,908	3,908	
Loans	52,62,227	16,41,911	36,20,316
Investments	7,292	-	7,292
Other Financial Assets	12,432	4,205	8,227
Total Financial Assets	**56,62,654**	**19,91,269**	**36,71,385**
Non-Financial Assets			
Current tax assets (Net)	15,719	-	15,719
Deferred tax assets (Net)	45,300	-	45,300
Investment Property	47	-	47
Property, Plant and Equipment	14,253	-	14,253
Intangible assets under development	1,310	-	1,310
Other Intangible assets	1,976	-	1,976
Other Non-Financial Assets	1,371	1,073	298
Total Non-Financial Assets	**79,976**	**1,073**	**78,903**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables			
i) Trade Payables	20,742	20,742	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings (Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,207	21,128	79
Total Financial Liabilities	**51,12,358**	**19,26,024**	**31,86,334**
Non-Financial Liabilities			
Provisions	7,402	7,402	-
Other Non-Financial Liabilities	5,296	3,211	2,085
Total Non-Financial Liabilities	**12,698**	**10,613**	**2,085**

Note : 45 MATURITY ANALYSIS (Contd.)

₹ in lakhs

	Amount	Maturity	
		Within 12 months	After 12 months
As on March 31, 2018			
Financial Assets			
Cash and Cash Equivalents	25,379	25,379	-
Bank balances Other than Cash and Cash Equivalents	63,416	11,250	52,166
Derivative financial instruments	599	28	571
Receivables			
i) Trade Receivables	3,823	3,823	-
ii) Other Receivables	5,577	5,577	-
Loans	4,225,323	1,343,391	2,881,932
Investments	7,292	-	7,292
Other Financial Assets	7,730	2,145	5,585
Total Financial Assets	**4,339,139**	**1,391,593**	**2,947,546**
Non- Financial Assets			
Current tax assets (Net)	15,961	-	15,961
Deferred tax assets (Net)	36,171	-	36,171
Investment Property	5	-	5
Property, Plant and Equipment	14,005	-	14,005
Intangible assets under development	380	-	380
Other Intangible assets	2,070	-	2,070
Other Non-Financial Assets	1,242	1,115	127
Total Non- Financial Assets	**69,834**	**1,115**	**68,719**
Financial Liabilities			
Derivative financial instruments	7,655	2,795	4,860
Payables			
i) Trade Payables	17,063	17,063	-
ii) Other Payables	10,047	10,047	-
Debt Securities	1,437,395	711,103	726,292
Borrowings (Other than Debt Securities)	2,016,635	639,138	1,377,497
Subordinated Liabilities	379,003	53,484	325,519
Other Financial Liabilities	19,967	19,888	79
Total Financial Liabilities	**3,887,765**	**1,453,518**	**2,434,247**
Non-Financial Liabilities			
Provisions	6,343	6,343	-
Other Non-Financial Liabilities	5,051	2,409	2,642
Total Non-Financial Liabilities	**11,394**	**8,752**	**2,642**
As on April 01 , 2017			
Financial Assets			
Cash and Cash Equivalents	27,404	27,404	-
Bank balances Other than Cash and Cash Equivalents	69,645	19,707	49,938
Derivative financial instruments	-	-	-

Note : 45 MATURITY ANALYSIS (Contd.)

₹ in lakhs

	Amount	Maturity	
		Within 12 months	After 12 months
Receivables			
i) Trade Receivables	1,965	1,965	-
ii) Other Receivables	4,492	4,492	-
Loans	3,322,439	1,067,549	2,254,890
Investments	6,968	-	6,968
Other Financial Assets	13,561	4,666	8,895
Total Financial Assets	**3,446,474**	**1,125,783**	**2,320,691**
Non- Financial Assets			
Current tax assets (Net)	10,387	-	10,387
Deferred tax assets (Net)	31,527	-	31,527
Investment Property	5	-	5
Property, Plant and Equipment	11,809	-	11,809
Intangible assets under development	162	-	162
Other Intangible assets	2,195	-	2,195
Other Non-Financial Assets	1,158	741	417
Total Non- Financial Assets	**57,243**	**741**	**56,502**
Financial Liabilities			
Derivative financial instruments	10,103	590	9,513
Payables			
i) Trade Payables	11,017	11,017	-
ii) Other Payables	8,143	8,143	-
Debt Securities	1,347,094	629,613	717,481
Borrowings (Other than Debt Securities)	1,378,288	484,343	893,945
Subordinated Liabilities	294,631	22,224	272,407
Other Financial Liabilities	20,093	19,956	137
Total Financial Liabilities	**3,069,369**	**1,175,886**	**1,893,483**
Non-Financial Liabilities			
Provisions	5,231	5,231	-
Other Non-Financial Liabilities	642	352	290
Total Non-Financial Liabilities	**5,873**	**5,583**	**290**

Note : 46 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ in lakhs

Particulars	01.04.2018	Cash flows	Exchange Difference	Other	31.03.2019
Debt Securities Borrowings other than debt securities and Subordinated liabilities.	**38,33,033**	**12,19,933**	**13,779**	**10,071**	**50,56,674**

₹ in lakhs

Particulars	01.04.2017	Cash flows	Exchange Difference	Other	31.03.2018
Debt Securities Borrowings other than debt securities and Subordinated liabilities.	**30,20,013**	**8,02,250**	**(1,946)**	**12,716**	**38,33,033**

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

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

As at March 31, 2019 **₹ in lakhs**

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	87,458	2,29,834	-	-	-	-	-	**3,17,292**
Bank balances other than Cash and Cash Equivalents	370	6,810	3,997	11,702	22,226	2,172	19,394	**66,671**
Derivative financial instruments	-	-	-	7,229	1,640	-	-	**8,869**
Receivables								
i) Trade Receivables	441	-	-	-	-	-	-	**441**
ii) Other Receivables	3,908	-	-	-	-	-	-	**3,908**
Loans	3,48,886	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	**73,23,043**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	-	1,423	1,006	1,775	5,452	1,051	1,723	**12,430**
Total Undiscounted financial assets	**4,41,063**	**6,39,362**	**5,60,044**	**10,57,731**	**28,41,063**	**8,96,586**	**13,04,097**	**77,39,946**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	20,742	-	-	-	-	-	-	**20,742**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings (Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,128	-	-	-	58	21	-	**21,207**
Total Undiscounted financial liabilities	**3,67,074**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,719**	**6,16,051**	**3,84,069**	**58,93,152**
Total net Undiscounted financial assets/(liabilities)	**73,989**	**3,17,977**	**17,153**	**70,768**	**1,66,344**	**2,80,535**	**9,20,028**	**18,46,794**

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

As at March 31, 2018 ₹ 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	25,379	-	-	-	-	-	-	**25,379**
Bank balances other than Cash and Cash Equivalents	765	4,796	1,418	10,017	38,797	2,869	20,468	**79,130**
Derivative financial instruments	599	-	-	-	-	-	-	**599**
Receivables								
i) Trade Receivables	3,823	-	-	-	-	-	-	**3,823**
ii) Other Receivables	5,577	-	-	-	-	-	-	**5,577**
Loans	2,83,112	3,17,558	4,27,709	8,00,753	21,70,175	7,01,526	9,41,129	**56,41,963**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	-	728	479	937	3,939	187	1,459	**7,729**
Total Undiscounted financial assets	**3,19,255**	**3,23,082**	**4,29,606**	**8,11,707**	**22,12,911**	**7,04,582**	**9,70,348**	**57,71,492**
Financial Liabilities								
Derivative financial instruments	-	1,311	1,484		4,859	-	-	**7,654**
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	17,063	-	-	-	-	-	-	**17,063**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises	10,047	-	-	-	-	-	-	**10,047**
Debt Securities	13,146	2,79,732	1,46,548	3,73,063	7,12,578	1,00,498	3,354	**16,28,919**
Borrowings (Other than Debt Securities)	2,00,215	1,58,890	1,89,775	3,06,457	11,98,001	2,26,873	1,62,217	**24,42,428**
Subordinated Liabilities	275	11,962	24,326	20,044	1,32,016	1,70,868	1,80,929	**5,40,420**
Other Financial Liabilities	19,888	-	-	-	58	21	-	**19,967**
Total Undiscounted financial liabilities	**2,60,634**	**4,51,895**	**3,62,133**	**6,99,564**	**20,47,512**	**4,98,260**	**3,46,500**	**46,66,498**
Total net Undiscounted financial assets/(liabilities)	**58,621**	**(1,28,813)**	**67,473**	**1,12,143**	**1,65,399**	**2,06,322**	**6,23,848**	**11,04,994**

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

As at April 01, 2017 **₹ 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	27,404	-	-	-	-	-	-	**1,92,231**
Bank balances other than Cash and Cash Equivalents	339	4,413	10,414	8,971	34,803	9,805	17,512	**85,918**
Derivative financial instruments								
Receivables								
i) Trade Receivables	1,965	-	-	-	-	-	-	1,925
ii) Other Receivables	4,492	-	-	-	-	-	-	4,492
Loans	2,35,647	2,58,306	3,45,671	6,43,776	16,76,108	5,20,312	8,10,009	**42,54,182**
Investments	-	-	-	-	-	-	6,968	**6,968**
Other Financial Assets	-	1,145	952	2,569	6,158	1,242	1,496	**13,562**
Total Undiscounted financial assets	**2,69,847**	**2,63,864**	**3,57,037**	**6,55,316**	**17,17,069**	**5,31,359**	**8,35,985**	**45,52,861**
Financial Liabilities								
Derivative financial instruments	-	-	-	590	9,512	-	-	**10,102**
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	11,017	-	-	-	-	-	-	**11,017**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises	8,143	-	-	-	-	-	-	**8,143**
Debt Securities	37,277	1,95,647	62,980	3,86,306	7,82,545	26,826	3,568	**14,95,149**
Borrowings (Other than Debt Securities)	94,088	90,942	2,59,260	2,17,765	7,86,327	79,025	1,46,760	**16,74,167**
Subordinated Liabilities	1,375	9,253	4,796	24,612	1,09,013	1,68,971	1,27,661	**4,45,681**
Other Financial Liabilities	19,956	-	-	-	116	21	-	**20,093**
Total Undiscounted financial liabilities	**1,71,856**	**2,95,842**	**3,27,036**	**6,29,273**	**1,687,513**	**2,74,843**	**2,77,989**	**36,64,352**
Total net Undiscounted financial assets/(liabilities)	**97,991**	**(31,978)**	**30,001**	**26,043**	**29,556**	**2,56,516**	**5,57,996**	**8,88,509**

Note : 48 FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended 31st March, 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or Previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2019, together with the comparative period data as at and for the year ended 31st March, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2017 and the financial statements as at and for the year ended 31st March, 2018.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/ exceptions:

i) Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

ii) Impairment of financial assets

The company has applied the exception related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at 1st April, 2017

iii) Classification of debt instruments

The company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVOCI criteria based on the facts and circumstances that existed as of the transition date

iv) Deemed cost for property, plant and equipment and intangible assets

The company has elected to continue with the carrying value of all of its plant and equipment, capital work-in-progress and intangible assets recognised as of 1st April, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date

v) Determining whether an arrangement contains a lease

The company has applied Appendix C of Ind AS 17 to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

vi) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

vii) Share based payments:

Ind AS 102 Share based Payment has not been applied to equity instruments in share-based payment transactions that vested before 1st April, 2017

viii) Investment in Subsidiaries, Joint ventures and associates

The company has elected to measure investment in subsidiaries, joint venture and associate at cost.

ix) Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements in Ind AS 109 retrospectively for securitisation and assignment transactions as the information needed to apply Ind AS 109 to these financial assets derecognised as a result of past transactions was available at the time of initially accounting for those transactions in the respective years.

x) Business combinations

In accordance with Ind AS transitional provisions, the Company has elected to apply Ind AS relating to business combinations prospectively from 1st April, 2017. As such, previous GAAP balances relating to business combinations entered into before that date, have been carried forward without adjustment.

The estimates are consistent with those made in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVOCI - equity shares and Impairment of financial assets based on expected Credit loss model where application of Indian GAAP did not require estimation.

Note : 48 FIRST-TIME ADOPTION OF IND AS (Contd.)

First time adoption of Ind AS reconciliations

A. Reconciliations of Balance Sheet

₹ in lakhs

Particulars	Note	As at 31.03.2018			As at 01.04.2017		
		Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I ASSETS							
Financial assets							
(a) Cash and Cash Equivalents		25,379	0	25,379	27,404	0	27,404
(b) Bank balances other than cash and cash equivalents	10	63,473	(57)	63,416	69,668	(23)	69,645
(c) Derivative financial instruments	10	-	599	599	-	-	-
(d) Receivables	3	9,382	18	9,400	7,172	(715)	6,457
(e) Loans	1	37,44,577	4,80,746	42,25,323	28,64,508	4,57,931	33,22,439
(f) Investments	10	31,895	(24,603)	7,292	23,854	(16,886)	6,968
(g) Other Financial Assets	2	3,623	4,107	7,730	5,126	8,435	13,561
		38,78,329	**4,60,810**	**43,39,139**	**29,97,732**	**4,48,742**	**34,46,474**
Non Financial assets							
(a) Current tax assets (Net)		15,961	-	15,961	10,387	-	10,387
(b) Deferred tax assets (Net)	5	33,956	2,215	36,171	31,516	11	31,527
(c) Investment Property		5	-	5	5	-	5
(d) Property, Plant and Equipment		14,005	-	14,005	11,809	-	11,809
(e) Intangible assets under development		380	-	380	162	-	162
(e) Intangible assets		2,070	-	2,070	2,195	-	2,195
(f) Other Non-Financial Assets	10	5,753	(4,511)	1,242	5,674	(4,516)	1,158
		72,130	**(2,296)**	**69,834**	**61,748**	**(4,505)**	**57,243**
Total Assets		**39,50,459**	**4,58,514**	**44,08,973**	**3,059,480**	**4,44,237**	**35,03,717**
II LIABILITIES							
Financial Liabilities							
(a) Derivative financial instruments	10	7,056	599	7,655	10,103	-	10,103
(b) payables							
i) Trade payables	10	17,071	(8)	17,063	11,017	-	11,017
ii) Other Payables		10,047	-	10,047	16,496	(8,353)	8,143
(c) Debt Securities	4	13,99,302	38,093	14,37,395	12,95,878	51,216	13,47,094
(d) Borrowings (Other than Debt Securities)	4, 1	15,29,068	4,87,567	20,16,635	9,08,414	4,69,874	13,78,288
(e) Subordinated Liabilities	4	3,47,370	31,633	3,79,003	2,83,370	11,261	2,94,631
(f) Other Financial Liabilities	1	46,883	(26,916)	19,967	37,609	(17,516)	20,093
		33,56,797	**5,30,968**	**38,87,765**	**25,62,887**	**5,06,482**	**30,69,369**
Non-Financial Liabilities							
(a) Provisions	9	76,434	(70,091)	6,343	67,264	(62,033)	5,231
(b) Other Non-Financial Liabilities	1	2,205	2,846	5,051	836	(194)	642
		78,639	**(67,245)**	**11,394**	**68,100**	**(62,227)**	**5,873**
Equity							
(a) Equity share capital		15,640	-	15,640	15,635	-	15,635
(b) Other Equity		4,99,383	(5,209)	4,94,174	4,12,858	(18)	4,12,840
		5,15,023	**(5,209)**	**5,09,814**	**4,28,493**	**(18)**	**4,28,475**
Total		**39,50,459**	**4,58,514**	**44,08,973**	**30,59,480**	**4,44,237**	**35,03,717**

Note : 48 FIRST-TIME ADOPTION OF IND AS (Contd.)

First time adoption of Ind AS reconciliations

B. Reconciliation of total comprehensive income for the year ended March 31, 2018

₹ in lakhs

Particulars	Note No.	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Revenue from Operations				
- Interest Income	1, 10	4,83,920	39,661	5,23,581
- Net gain on derecognition of financial instruments under amortised cost category	2		-	-
- Fee Income	10	52,154	(36,785)	15,369
- Net gain on Fair value change on financial instrument		991		991
- Sale of Services	8, 10	5,468	2,514	7,982
Total Revenue from operations (I)		**5,42,533**	**5,390**	**5,47,923**
- Other income (II)		43	-	43
Total Income (I+II = III)		**5,42,576**	**5,390**	**5,47,966**
IV Expenses				
- Finance costs	1, 4, 10	2,30,785	35,148	2,65,933
- Net Loss on Fair value change on financial instrument				-
- Impairment of Financial Instruments	1, 9	34,509	(4,139)	30,370
- Employee benefits expense	3	52,766	913	53,679
- Depreciation and amortisation expense		4,968	-	4,968
- Other expenses	10	71,218	(18,339)	52,879
Total expenses (IV)		**3,94,246**	**13,583**	**4,07,829**
Profit before tax (III-IV)		**1,48,330**	**(8,193)**	**1,40,137**
Tax expense				
- Current tax				
- Pertaining to profit for the current period		53,359	-	53,359
- Adjustment of tax relating to earlier periods				-
- Deferred tax	5	(2,440)	(2,612)	(5,052)
Net tax expense		**50,919**	**(2,612)**	**48,307**
Profit for the period		**97,411**	**(5,581)**	**91,830**
Other Comprehensive Income/(loss)	6			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Hedge Reserve			1,100	1,100
Fair Valuation			(129)	(129)
Tax on above adjustments			(384)	(384)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			-	
Re-measurement gains and (losses) on defined benefit obligations (net)			66	66
Tax on above adjustments			(23)	(23)
Total Comprehensive Income		**97,411**	**(4,951)**	**92,460**

Note : 48 FIRST-TIME ADOPTION OF IND AS (Contd.)

C. Effects of IND AS adoption on Total Equity

₹ in lakhs

Particulars	Note below	As at 31.03.2018	As at 01.04.2017
Net Worth under IGAAP		**5,15,023**	**4,28,493**
Adoption of effective interest rate for amortisation of expense and income - Financial assets at amortised cost	1	(17,914)	(16,142)
Adjustments on account of de-recognition of financial assets	2	4,107	9,735
Adoption of effective interest rate for amortisation of expense and income - Financial Liabilities at amortised cost	4	472	500
Expected credit loss and related adjustments	1	8,743	5,878
Impact of application of IND AS 115 on revenue from certain customer contracts	8	(2,847)	-
Tax adjustments on above items	5	2,230	11
Net Worth under IND AS		**5,09,814**	**4,28,475**

D. Effects of IND AS adoption on Cash Flows for year ended March 31, 2018

₹ in lakhs

Particulars	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	(7,59,621)	(2,6,264)	(7,33,357)
Net cash generated from/(used in) investing activities	(7,928)	(1,649)	(6,279)
Net cash generated from/(used in) financing activities	7,65,525	(31,020)	7,96,545
Net increase/(decrease) in cash and cash	**(2,024)**	**(58,933)**	**56,909**
Cash and cash equivalents at start of year	27,404		27,404
Cash and cash equivalents at close of year	**25,379**	-	**25,379**

Notes:

1. Loans

i) Under Indian GAAP, the Company has created provision for loans based on guidelines on prudential norms issued by RBI. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss Model (ECL). The differential impact has been adjusted in Retained earnings / Profit and loss during the period.

ii) Under Indian GAAP, NPA provision along with Standard asset provision has been disclosed under Provisions. Under Ind AS the ECL provision has been adjusted against loan balance.

iii) Under Indian GAAP, transaction cost incurred in connection with loans are amortised upfront and charged to profit and loss for the period. Under Ind AS, transaction cost are included in the initial recognition amount of financial asset measured at amortised cost and charged to profit and loss using effective interest method.

iv) The Company has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books, upon satisfaction of the "true sale" criteria laid down by the RBI. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised on a basis that reflects the rights and obligations that the Company has retained (related liabilities has been recognised in Borrowings other than debt securities & related Interest income and expense has been recognised).

v) Under Indian GAAP, Income from Securitisation transaction recognised as Excess Interest Spread Where was under Ind AS, Company has recognised the interest on the loans which has been re-recognised as Interest income using Effective Interest rate. Interest on proceeds received from securitisation recognised as Finance cost.

vi) Under Indian GAAP, Company has reversed the interest on NPA accounts based on guidelines on prudential norms issued by RBI. Ind AS, Interest income for Stage 3 receivables are recognised on the amortised cost of such receivables (Gross carrying value less impairment provision) and the same is also tested for impairment.

Note : 48 FIRST-TIME ADOPTION OF IND AS (Contd.)

2. Other Financial assets

Under Ind AS, with respect to assignment deals, Company has recognised an interest only strip receivable as at 31st March, 2018 and As on 1st April, 2017, with corresponding credit to retained earning/ profit and loss for the year, which has been computed by discounting excess interest spread (EIS) to present value. Necessary adjustments to credit risk has also been made.

3. Share-based payments

Under Indian GAAP, the Company recognised only the intrinsic value for the share based payment plans as an expense. Ind AS required the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense has been recognised in profit and loss for the period ended 31st March, 2018. Share options which were granted before and still not vested as at 1st April, 2017, have been recognised as a separate component of equity in Share based payment reserve against retained earnings as at1st April, 2017,. Further Company has granted ESOPs to employees of the subsidiary, the related cost has been transferred to subsidiary and recorded as receivable from the Subsidiary

4. Debt Securities, Borrowings(Other than Debt Securities) and Subordinated Liabilities

i) Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period and charged to profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit and loss using the effective interest method.

ii) The Company has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books, upon satisfaction of the "true sale" criteria laid down by the RBI. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised on a basis that reflects the rights and obligations that the Company has retained. The proceeds from such transferred assets recognised as securitisation borrowing under the category "Borrowings other than securitisation".

iii) Under Indian GAAP, Investment in pass-through certificates ('PTCs') made by the Company pursuant to the securitisation transactions entered have been included in the carrying amount of investments computation. Under Ind AS such PTC investments have been netted off against the securitisation borrowings.

5. Deferred tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

6. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

7. Re-measurement of post employment benefit plans

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

8. Sale of Services

Under Indian GAAP, Company has recognised certain service income on upfront basis, Under Ind AS the same is required to be amortised over the period based on satisfaction of performance obligations.

9. Provision for undrawn Commitments

Under Indian GAAP, Company is not required to create provision for ECL against undrawn commitments, however under Ind AS, impairment allowance on undrawn commitment has been determined based on Expected Credit Loss Model (ECL) and shown under Provisions. The differential impact has been adjusted in Retained earnings / Profit and loss during the period

10. Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

Note : 49 BASIS OF PREPARATION OF THE REGULATORY DISCLOSURES PROVIDED IN NOTE 50 TO NOTE 53 WHICH ARE REQUIRED TO BE INCLUDED BY THE COMPANY IN THE NOTES TO THE FINANCIAL STATEMENTS PURSUANT TO REQUIREMENTS OF EXTANT REGULATIONS OF THE RBI

As mentioned in the basis of preparation detailed in Note 2 to these standalone financial statements, the company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended, from1st April, 2018 and consequently these standalone financial statements for the year ended 31st March 2019 has been prepared under Ind AS.

The regulatory disclosures contained in Notes 50 to Note 53 are required to be disclosed in the financial statements by the Company in accordance with the requirements of the Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company Directions, 2016 dated 1st September, 2016 read with the applicable guidance / regulations issued by the RBI in this regard.

Pursuant to adoption of Ind AS by NBFCs, the RBI is yet to provide clarification on the basis / manner of computation of these regulatory disclosures as per the extant regulations which require presentation of various information in the notes to the Company's financial statements. Pending clarification from RBI, the Company has prepared the disclosures contained in Note 50 to Note 53 to these standalone financial statements by making material / significant adjustments necessary to the Standalone Ind AS Financial Statements for the year ended 31st March, 2019 to comply with the requirements of the Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended ('the NBFC Master Directions') including framework on prudential norms, related circulars and clarifications issued by the RBI from time to time, interpretations thereon and relevant policies followed by the company (hereinafter referred to as 'Regulatory GAAP').

The information required for the preparation of the financial information for the year ended 31st March, 2019 in accordance with the Regulatory GAAP have been compiled and certified by the management. Notes 49.1 and Note 49.2 below provide the reconciliation between the information contained in the Ind AS Financial Statements and the financial information compiled by the management in accordance with the requirements of the Regulatory GAAP.

49.1 Extract of the Balance Sheet as at March 31, 2019 as per Regulatory GAAP:

₹ in lakhs

Particulars	As per Ind AS - March 2019 (1)	Adjustments (2)	As per Previous GAAP - March 2019 (3)
	Audited	Unaudited	
ASSETS			
Financial Assets			
Cash and Cash Equivalents	3,13,893	-	3,13,893
Bank balances	53,592	(776)	52,816
Derivative financial instruments	8,869	-	8,869
Receivables			
i) Trade Receivables	441	-	441
ii) Other Receivables	3,908	-	3,908
Loans	52,62,227	(4,94,094)	47,68,133
Investments	7,292	32,261	39,553
Other Financial Assets	12,432	30,281	42,713
	56,62,654	**(4,32,328)**	**52,30,326**
Non- Financial Assets			
Current tax assets (Net)	15,719	-	15,719
Deferred tax assets (Net)	45,300	-	45,300
Investment Property	47	-	47
Property, Plant and Equipment	14,253	-	14,253
Intangible assets under development	1,310	-	1,310
Other Intangible assets	1,976	-	1,976
Other Non-Financial Assets	1,371	-	1,371
	79,976	**-**	**79,976**
TOTAL ASSETS	**57,42,630**	**(4,32,328)**	**53,10,302**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	841	-	841

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2019

Note : 49.1 Extract of the Balance Sheet as at March 31, 2019 as Regulatory GAAP: (Contd.)

₹ in lakhs

Particulars	As per Ind AS - March 2019 (1)	Adjustments (2)	As per Previous GAAP - March 2019 (3)
	Audited	Unaudited	
Payables	-	-	-
(I) Trade Payables	20,742	-	20,742
(II) Other Payables	12,894	35	12,929
Debt Securities	14,18,431	(55,339)	13,63,092
Borrowings (Other than Debt Securities)	32,12,375	(5,49,331)	26,63,044
Subordinated Liabilities	4,25,868	(15,048)	4,10,820
Other Financial Liabilities	21,207	1,05,777	1,26,984
	51,12,358	**(5,13,906)**	**45,98,452**
Non-Financial Liabilities			
Provisions	7,402	80,767	88,169
Other Non-Financial Liabilities	5,296	(2,241)	3,055
	12,698	**78,526**	**91,224**
Equity			
Equity share capital	15,643	-	15,643
Other Equity (Refer Note III. below)	6,01,931	3,052	6,04,983
	6,17,574	**3,052**	**6,20,626**
TOTAL LIABILITIES AND EQUITY	**57,42,630**	**(4,32,328)**	**53,10,302**

49.2 Extract of the Statement of Profit and Loss Account as at March 31, 2019 as per Regulatory GAAP:

₹ in lakhs

Particulars	As per Ind AS - March 2019 (1)	Adjustments (2)	As per Previous GAAP - March 2019 (3)
	Audited	Unaudited	
Revenue from Operations			
- Interest Income	6,56,526	(22,438)	6,34,088
- Net gain on derecognition of financial instruments under amortised cost category	8,670	(8,670)	-
- Fee Income	18,631	-	18,631
- Net gain on Fair value change on financial instrument	6,328	-	6,328
- Sale of Services	9,042	(620)	8,422
- Others			
Total Revenue from operations (I)	6,99,197	(31,728)	6,67,469
Other income (II)	67	-	67
Total Income (III) = (I) + (II)	**6,99,264**	**(31,728)**	**6,67,536**
Expenses			
- Finance costs	3,58,874	(39,322)	3,19,552
- Impairment of Financial Instruments	31,120	712	31,832
- Employee benefits expense	59,058	-	59,058
- Depreciation and amortisation expense	5,548	-	5,548
- Other expenses	62,349	10,051	72,400
Total Expenses (IV)	**5,16,949**	**(28,559)**	**4,88,390**
Profit before tax (V) = (III) - (IV)	**1,82,315**	**(3,169)**	**1,79,146**
Tax expense/(benefit)			
- Current tax			
- Pertaining to profit for the current period	71,449		71,449
- Adjustment of tax relating to earlier periods	1,600		1,600
- Deferred tax	(9,349)	-	(9,349)
Net tax expense (VI)	**63,700**	**-**	**63,700**
Profit for the year - A = (V) - (VI)	**1,18,615**	**(3,169)**	**1,15,446**

49.2 Extract of the Statement of Profit and Loss Account as at March 31, 2019 as per Regulatory GAAP: (Contd.)

₹ in lakhs

Particulars	As per Ind AS - March 2019 (1)	Adjustments (2)	As per Previous GAAP - March 2019 (3)
	Audited	Unaudited	
Other Comprehensive income:			
i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains and (losses) on defined benefit obligations (net)	(678)		(678)
Income tax impact	237	-	237
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve gain	1,306	-	1,306
Income tax impact	(456)	-	(456)
Other comprehensive income/(loss) for the year (B)	**409**	**-**	**409**
Total comprehensive income for the year (A + B) (Refer Note IV below)	**1,19,024**	**(3,169)**	**1,15,855**

Note:

Commentary on the key accounting adjustments made to convert the Ind AS financial statements for March 2019 to Regulatory GAAP along with considerations for CRAR computation (wherever applicable):

(i) Loans:

(a) Under Ind AS, securitisation transactions entered into by the Company do not qualify for de-recognition. Hence they continue to be recognised as a part of on balance sheet assets. In preparing the financial information as per Regulatory GAAP, the Company has derecognised the assets which have been transferred through securitisation transactions and outstanding as at 31st March, 2019.

(b) Under Ind AS, Interest income for Stage 3 receivables are recognised on the amortised cost of such receivables (Gross carrying value less impairment provision) and the same is also tested for impairment. In the financial information prepared as per Regulatory GAAP, interest income is not recognised on NPA accounts and any outstanding interest on such accounts are also reversed in accordance with the applicable prudential norms issued by the RBI for NBFC-ND-SI.

(c) Under Ind AS, Effective Interest Rate ('EIR') method is used for recognition of interest income on loans and is determined by considering all contracted cash flows along with transaction fees earned and expenses incurred. This results in amortisation of net upfront fee earned (fee less expenses) by way of adjustment to loan receivable balance. In order to follow a consistent approach with the previous years, the related adjustments have been eliminated by the Company while preparing the financial information as per Regulatory GAAP, and accordingly the net upfront fee earned is recognised immediately in the financial statements coinciding with the disbursal of the loans.

(d) Schedule III Division III applicable for NBFCs preparing their financial statements under Ind AS and Ind AS 109 on financial instruments requires impairment provisions made to be reduced from the related financial assets for presentation purposes. In the preparation of the financial information as per Regulatory GAAP, the related NPA and Standard Asset provisions made have been presented under provisions.

(e) Under Ind AS, on the assignment transactions which are outstanding as at the date of transition, the Company has taken the entire gain that it would earn through the tenure of the assignment transactions on an upfront basis as against recognising such gains on an ongoing basis on realisation of these amounts as per RBI regulations.

(ii) Investments:

Investment in pass-through certificates ('PTCs') made by the Company pursuant to the securitisation transactions entered have been included in the carrying amount of investments as per the financial information prepared as per Regulatory GAAP and have been assigned 100% Risk Weight in the CRAR computation. Such PTC investments were netted off against the securitisation borrowings under Ind AS.

(iii) Other Financial Assets:

Adjustments in connection with interest accrued but not due on loans which were clubbed under loans for the purpose of Ind AS financial statements have been regrouped / reclassified into other financial assets in the financial information as per Regulatory GAAP.

Note 49 - Basis of Preparation of the regulatory disclosures provided in Note 50 to Note 53 which are required to be included by the Company in the notes to the financial statements pursuant to requirements of extant regulations of the RBI (Contd.)

(iv) Borrowings other than debt securities:

Under Ind AS, securitisation transactions entered into by the Company do not qualify for de-recognition. Hence they continue to be recognised as a part of on balance sheet assets. Accordingly, amounts received from the securitisation trusts are treated as borrowings in the category 'other debt securities' under Ind AS. However, these transactions are in compliance with the Securitisation guidelines issued by RBI and hence qualify for de-recognition under such RBI guidelines. Hence, this is derecognised in the Regulatory GAAP balance sheet as at March 31, 2019.

(v) Debt Securities and Subordinated Debts:

The interest accrued on such borrowings which was included in the borrowings for the purpose of the Ind AS financial statements for the year ended March 31, 2019 have been reclassified into other financial liabilities in the financial information prepared as per Regulatory GAAP.

(vi) Other financial liabilities:

Represents adjustments relating to the amounts payable to the Securitisation SPVs by the Company on the collections made on the loans which have been securitised by the Company and outstanding as at March 31, 2019 for the instalments collected during the month of March 2019.

(vii) Provisions:

Under Ind AS, the impairment loss allowance is determined based on the Expected Credit Loss Model ('ECL Model') as per Ind AS 109. In the ECL Model followed by the Company, the receivables (including securitised assets which have not been derecognised in books) with overdue status of 3 months and above is considered under Stage 3 and the impairment loss is provided for based on the requirements of Ind AS 109 for the relevant pool.

The NBFC Master Directions issued by the RBI provides for the prudential norms to be followed income recognition, asset classification and provisioning by applicable NBFCs. Accordingly, the ECL provisions as per the Ind AS financial statements for the year ended March 31, 2019 have been reversed in the preparation of the financial information as per Regulatory GAAP. For the purpose of compliance with the prudential norms of the RBI, the Company has continued to apply the provisioning norms applied prior to the introduction of Ind AS and thereby provision has been made for:

(a) Standard Assets as per internal estimates, based on past experience, realisation of security and other relevant factors on the outstanding amount of Standard Assets for all types of lending, subject to the minimum provisioning requirements specified by the RBI for an NBFC-ND-SI; and

(b) Non-Performing Assets as per the provisioning norms approved by the Board for each type of lending activity, subject to the minimum provisioning requirements specified by the RBI.

(viii) Service Income / Deferred Revenue:

As per the requirements of Ind AS 115, the Company has accrued for certain income which was received and recognised in the statement of profit and loss in the previous year over a period of time. As this income was already recognised in the P&L in the previous year, this adjustment under Ind AS has been reversed in preparing the financial information as per Regulatory GAAP for the current year ended March 31, 2019.

(ix) Deferred Tax:

Tax effects (if any), on adjustments made to arrive at Regulatory GAAP amounts have been ignored as these do not have consequential impact on the regulatory disclosures made in Note 50 to Note 53 to the Standalone Financial Statements.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Note : 50 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	35	31
Outstanding securitised Assets in books of SPV	5,79,896	5,82,311
Less: Collections not yet due to be remitted to SPV*	23,797	25,988
Outstanding securitised Assets as per books	5,56,099	556,323
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Note : 50 ASSETS DE-RECOGNISED (Contd.)		
a) Off Balance Sheet Exposure		
• First Loss		
• Others	46,574	35,579
b) On Balance Sheet Exposure		
• First Loss - Cash collateral	51,832	59,648
• Others		
i) Second Loss - Cash Collateral		
ii) Investment in PTC	32,132	24,602
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	11,54,307	10,22,846

* excludes interest collected from customers on securitised assets.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
b) On Bilateral assignment		
Number of Assignment Transactions	7	3
Outstanding Assigned Assets in books of Assignee	1,69,976	69,045
Less: Collections not yet due to be remitted to Assignee#	2,858	1,951
Outstanding Assigned Assets as per books	1,67,118	67,094
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss		
• Others		
b) On Balance Sheet Exposure		
• First Loss - Cash Collateral		
• Others	18,569	7,455
Book value of Assets sold	14,85,687	1,85,430

excludes interest collected from customers on assigned assets

Note : 51 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007:

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2019	Amount Overdue As at 31.03.2019
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	10,55,939	-
	- Unsecured (other than falling within the meaning of public deposits)	2,83,291	-
	- Perpetual Debt Instrument	1,46,107	-
(b)	Deferred Credits	-	-
(c)	Term Loans	24,78,593	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	3,64,071	-
(f)	Other Loans	1,86,945	-
	(Represents Working Capital Demand Loans & Cash Credit from Banks along with Interest Accrued but Not Due on above)		

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2019

Note : 51 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ in lakhs

SL No.	Particulars	Amount Outstanding	Amount Overdue
		As at 31.03.2018	
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	12,25,673	-
	- Unsecured (other than falling within the meaning of public deposits)	2,50,077	-
	- Perpetual Debt Instrument	1,15,147	-
(b)	Deferred Credits	-	-
(c)	Term Loans	13,23,660	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	2,30,103	-
(f)	Other Loans	1,38,133	-
	(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 31.03.2019	Amount Overdue As at 31.03.2018
(2)	**Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)**		
(a)	Secured	10,35,865	8,60,549
(b)	Unsecured	50,871	50,770
(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)	4,738	1,746
	(b) Loans other than (a) above	37,08,007	28,31,512

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2019	Amount Overdue As at 31.03.2018
(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		

Note : 51 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2019	Amount Overdue As at 31.03.2018
(ii)	Debentures and Bonds		
(iii)	Units of Mutual Funds		
(iv)	Government Securities		
Long-term Investments:			
I	**Quoted:**		
(i)	Shares: (a) Equity		
	(b) Preference		
(ii)	Debentures and Bonds		
(iii)	Units of Mutual Funds		
(iv)	Government Securities (Net of amortisation)		
(v)	Others		
II	**Unquoted:**		
(i)	Shares:		
	(a) Equity (Net of Provision for Diminution in Value of Investment)	7,292	7,292
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others		
	- Investment in Pass Through Certificates	32,132	24,602
	- Investment property	47	4

₹ 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, 2019			
1.	Related Parties *			
	(a) Subsidiaries	-	1,150	1,150
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	340	340
2.	Other than Related Parties	46,90,769	45,270	47,36,069
	Total	**46,90,769**	**46,760**	**47,37,529**
	As at March 31, 2018			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	913	913
2.	Other than Related Parties	36,17,012	46,624	36,63,636
	Total	**36,17,012**	**47,537**	**36,64,549**

Note : 51 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ 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, 2019		
1.	Related Parties *		
	(a) Subsidiaries	6,490	6,490
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	800	800
2.	Other than Related Parties	32,181	32,181
	Total	**39,471**	**39,471**
	As at March 31, 2018		
1.	Related Parties *		
	(a) Subsidiaries	7,290	7,290
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	24,738	24,609
	Total	**32,028**	**31,899**

₹ in lakhs

SL No.	Other Information	Amount Outstanding As at 31.03.2019	As at 31.03.2018
(7)			
(i)	Gross Non-Performing Assets		
	a) With Related Parties *		
	b) With Others	1,16,613	1,25,693
(ii)	Net Non-Performing Assets		
	a) With Related Parties *		
	b) With Others	54,662	65,157
(iii)	Assets Acquired in Satisfaction of Debt		
	a) With Related Parties *		
	b) With Others		

* Related Parties are as identified in Note 37 above.

Note : 52A. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/2014-15/299 DNBR (PD) CC.NO.002/03.10.001/2014-15 DATED NOVEMBER 10, 2014:

i. Capital Adequacy Ratio

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Tier I Capital	6,13,435	5,03,732
Tier II Capital	2,42,534	1,96,010
Total Capital	**8,55,969**	**6,99,742**
Total Risk Weighted Assets	49,30,327	38,35,651
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	12.44%	13.13%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	4.92%	5.11%
Total (%)	**17.36%**	**18.24%**
Amount of Subordinated Debt raised as Tier - II capital during the year	**51,500**	**71,500**
Amount raised by issue of Perpetual Debt instruments during the year	**30,600**	**-**

Note : 52A. 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.)

ii) Investments

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	39,600	32,035
(b) Outside India,		
(ii) Provisions for Depreciation		
(a) In India	(129)	(136)
(b) Outside India,		
(iii) Net Value of Investments		
(a) In India	39,471	31,899
(b) Outside India.		
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	137	461
(ii) Add:Provisions made during the year	-	129
(iii) Less:Reversal of provision during the year	-	453
(iv) Closing balance	137	137

iii. Asset Liability Management

Maturity pattern of certain items of assets and liabilities - As at March 31, 2019

₹ in lakhs

	Upto1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	1,32,507	10,000	20,666	1,16,569	3,80,087	16,34,233	3,68,982	-	26,63,044
Market Borrowings	1,28,791	1,17,260	73,865	2,72,818	3,53,587	4,65,231	1,79,020	1,83,340	17,73,912
Assets									
Advances (Net of Provision for Non Performing Assets)	1,10,512	87,179	96,869	4,31,553	7,11,557	19,51,242	6,15,064	7,02,206	47,06,182
Investment (Net of Provision for Diminution in Value of Investments)	1,044	1,052	1,056	3,153	5,728	13,059	2,222	12,287	39,600

As at March 31, 2018

₹ in lakhs

	Upto1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	1,38,133	9,000	71,395	1,04,397	1,21,233	8,65,380	1,42,299	-	14,51,837
Market Borrowings	7,100	1,64,754	86,562	1,08,338	3,24,800	6,96,650	2,08,186	1,42,000	17,38,390
Assets									
Advances (Net of Provision for Non Performing Assets)	94,605	77,893	73,505	3,17,417	5,57,748	15,01,101	5,00,117	5,42,163	36,64,549
Investment (Net of Provision for Diminution in Value of Investments)	1,001	665	669	1,987	3,750	9,146	2,098	12,583	31,899

Note : 52A. 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.)

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

₹ in lakhs

	Category	As at 31.03.2019	As at 31.03.2018
(a)	**Direct Exposure (Net of Advances from Customers)**		
(i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
	- individual housing loans upto ₹ 15 lakhs	1,26,585	79,729
	- individual housing loans more than ₹ 15 lakhs	7,88,219	6,93,351
(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	1,04,111	76,041
	- 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	**10,18,915**	**8,49,121**

Note:

The above summary is prepared based on the information available with the Company.

v. Exposure to the Capital Market

₹ in lakhs

	Particulars	As at 31.03.2019	As at 31.03.2018
(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;	1,659	1,912
(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	2,391	2,096
	Total Exposure	**4,050**	**4,008**

Note : 52A. 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.)

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 31.03.2019	As at 31.03.2018
Commercial paper & Non- convertible Debentures - Short Term	ICRA A1+, CRISIL A1+, CARE 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, CARE 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

ix. Concentration of Advances

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Total Advances to twenty largest borrowers	24,299	27,242
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.51%	0.73%

x. Concentration of Exposures

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Total Exposure to twenty largest borrowers/customers	24,299	27,242
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	0.51%	0.73%

Note : 52A. 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.)

xi. Concentration of NPAs

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2019
Total Exposure to top four NPA accounts	3,222	2,053

xii. Sector-wise NPAs as on March 31, 2018

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector as on 31.03.2019	Percentage of NPAs to Total Advances in that sector as on 31.03.2018
1.	Agriculture & allied activities	99.96%	17.35%
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans	1.78%	2.22%
7.	Other loans	4.5%	6.52%

xiii. Movement of NPAs

₹ in lakhs

	Particulars	As at 31.03.2019	As at 31.03.2018
(i)	Net NPAs to Net Advances(%)	1.16%	1.83%
(ii)	Movement of Gross NPA		
	(a) Opening balance	1,25,693	1,60,038
	(b) Additions during the year	54,331	60,737
	(c) Reductions during the year	63,411	95,082
	(d) Closing balance	1,16,613	1,25,693
(iii)	Movement of Net NPA		
	(a) Opening balance	67,157	105,544
	(b) Additions during the year	26,006	28,662
	(c) Reductions during the year	38,501	67,049
	(d) Closing balance	54,662	67,157
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	58,536	54,494
	(b) Provisions made during the year	28,325	32,075
	(c) Write-off / write-back of excess provisions	24,910	28,032
	(d) Closing balance	61,951	58,536

Note : 52A. 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.)

xiv. Disclosure on Restructured Accounts

Type of Restructuring asset classification details		Standard Advances	Sub-standard Advances	Doubtful Advances	Loss Advances
Restructured loans as on April 1, 2018	Number of borrowers	-	284	-	-
	Amount Outstanding	-	1,622	-	-
	Provision thereon	-	198	-	-
Fresh Restructured during the year	Number of borrowers	51	53	2	-
	Amount Outstanding	547	640	12	-
	Provision thereon	54	115	3	-
Upgradations to restructured category	Number of borrowers	232	-	-	-
	Amount Outstanding	770	-	-	-
	Provision thereon	-	-	-	-
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	-	50	1	-
	Amount Outstanding	-	479	7	-
	Provision thereon	-	50	7	-
Write-off of restructured accounts during the year	Number of borrowers	-	26	-	-
	Amount Outstanding	-	232	-	-
	Provision thereon	-	31	-	-
Restructured loans as on March 31, 2019	Number of borrowers	-	94	2	-
	Amount Outstanding	-	1,001	8	-
	Provision thereon	-	147	2	-

Amount outstanding and provision thereon have been reported - Rupees in lakhs.

xv. Customer Complaints

No. of Complaints

Particulars	31.03.2019	31.03.2018
(a) Pending as at beginning of the year	9	11
(b) Received during the year	1,428	1,316
(c) Redressed during the year	1,426	1,307
(d) Pending as at end of the year	11	9

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

Note : 53 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2019 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

There were 180 cases (March 31, 2018 - 202 cases) of frauds amounting to ₹ 657 lakhs (March 31, 2018 - ₹ 5,361 lakhs) reported during the year. The Company has recovered an amount of ₹ 125 lakhs (March 31, 2018 - ₹ 136 lakhs). The un-recovered amounts are either pending settlement with the insurance companies or have been fully provided/ written off.

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

AUDITED

STANDALONE AND CONSOLIDATED

FINANCIAL STATEMENTS

2017- 2018

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 associate comprising of the Consolidated Balance sheet as at March 31 2019, 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 and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of a subsidiary, 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 associate as at March 31, 2019, 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 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.

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, 2019. 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 the 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
(a) Change in financial reporting framework – First time adoption of Indian Accounting Standards (‘Ind AS’) *(as described in Note 2 of the Consolidated Ind AS Financial Statements)*	
In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted	Our audit procedures with regard to the 1st time adoption of Ind AS included assessing the judgements applied by the Management in this regard: • Reading the Ind AS impact assessment performed by the management to identify areas which were impacted on account of Ind AS transition;

Key audit matters	How our audit addressed the key audit matter
accounting principles in India (Previous GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2019, together with the comparative financial information for the previous year ended March 31, 2018 and the transition date balance sheet as at April 1, 2017 have been prepared under Ind AS. The transition to Ind AS has involved changes in the Company's policies and processes relating to financial reporting. Further, the management has also exercised judgement (wherever applicable) in giving effect to various principles of Ind AS in its first-time adoption. In view of the complexity and the resultant risk of a material misstatement arising from an error or omission in correctly implementing the principles of Ind AS at the transition date, which could result in a misstatement of one or more periods presented in these Ind AS financials statements, this has been an area of significance in our audit. Some of the key adjustments made to the financial statements on first-time adoption of Ind AS for the year ended March 31, 2019 are as follows: 1. The Company earns certain interest income and incurs certain expenses which are directly attributable to the origination of loans disbursed by the Company. Under Ind AS, the accounting for these upfront charges and interest income are based on the effective interest rate method for loans which is based on the loan cashflows. 2. Under the Previous GAAP, the identification of delinquent accounts and consequent provisions for loan losses were made on the loans based on the guidelines prescribed by the Reserve Bank of India ('RBI') in this regard. Under Ind AS, estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Company based on the principles prescribed under Ind AS 109. 3. The Company from time to time enters into securitisation and assignment transactions for transfer of financial assets under arrangements which have different terms and conditions. Under Ind AS, management has performed an evaluation of whether the financial asset de-recognition criteria prescribed in Ind AS 109 is satisfied on a case to case basis and based on such evaluation, related accounting adjustments are recorded in the financial statements. Additionally, regarding the matter discussed in Sl. No. 2, as explained in the notes to the financial statements for the year ended March 31, 2019, the impairment provision based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include:	• Understanding the financial statement closure process and the controls established by the Company for transition to Ind AS; • Reading and assessing the changes made to the accounting policies due to the requirements of the new financial reporting framework; • Assessing the judgements exercised by the management in applying the first-time adoption principles of Ind AS 101 as at transition date; • Testing accounting adjustments posted as at the transition date, and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS; • Assessing the disclosures included in the Consolidated Ind AS Financial Statements in accordance with the requirements of Ind AS (including with respect to the previous periods presented). Procedures in connection with Sl. No. 1: Our audit response included (as applicable in each case): • Assessing the items which has been considered as part of effective interest rate as well as the related computation on a test basis; and • Assessing the related IT system and manual controls implemented for effective interest rate accounting. Procedures on the matter discussed in Sl. No. 2 We gained an understanding of the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition, • We 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; • We 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;

Key audit matters	How our audit addressed the key audit matter
(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., 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, 2019, the Company has made a provision for impairment loss aggregating Rs. 93,071 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances 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 an area of significance for our audit.	• Assessed the items of loans and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date; • Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company’s IT systems); • Enquired with the management regarding significant judgments and estimates involved in the impairment computation; • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and • Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107. Procedures in relation to Sl no 3: • Obtained and read a sample of agreements entered for securitisation of financial assets and assignment transactions to assess management’s determination of the satisfaction of de-recognition conditions as per Ind AS 109; • Assessed the management estimates used to determine the gain on financial assets de-recognised during the year; • Assessed business model evaluation under Ind AS 109 in respect of portfolio of loans where financial assets are de-recognised during the year.
Audit in an Information Technology (IT) enabled environment - including considerations on exceptions identified in IT environment	
Pursuant to various reporting requirements such as reporting on the internal controls over financial reporting, we place significant emphasis on the information systems and the controls and process around such information systems, the usage of information from such systems for the purpose of financial reporting by the Management. The Company has information technology applications which are used across various class of transactions in its operations including the automated and IT dependent manual controls that are embedded in them. Hence, our audit procedures have focus on IT systems and controls in them due the pervasive nature and complexity of the IT environment, operational volume across numerous locations daily and the reliance on automated and IT dependent manual controls.	In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting: • Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls; • The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system; • Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; • Performed tests of controls (including over compensatory controls wherever applicable) on the IT Application controls and IT dependent manual controls in the system. • Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.

Key audit matters	**How our audit addressed the key audit matter**
Pending litigations with tax authorities *(as described in Note 39 of the Ind AS Financial Statements)*	
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, Finance Act, 1994, Goods and Services Tax Acts and VAT Acts of various states. 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, 2019 the Company has an amount of Rs. 63,667 Lakhs involved in 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 an area of significance for our audit.	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 Consolidated Ind AS Financial Statements in accordance with Ind AS 37.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises Board’s Report including Annexures to the Board’s Report and Management Discussion and Analysis, Report on Corporate Governance and General Shareholders Information and Business Responsibility Report 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 and those Charged with Governance for the Financial Statements

The Holding Company’s Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such

entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated 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, 2019 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) We did not audit the financial statements and other financial information, in respect of 1 subsidiary, whose Ind AS Financial Statements include total assets of ₹5,722 Lakhs as at March 31, 2019, and total revenues of ₹ 3,873.37 Lakhs and net cash outflows of ₹ 2,241 Lakhs for the year ended on that date. These Ind AS Financial Statement and other financial information have been audited by other auditors, which Financial Statements, other financial information and auditor's reports have been furnished to us by the management.

(b) The Consolidated Ind AS Financial Statements also include the Group's share of net loss of ₹ 505 Lakhs for the year ended March 31, 2019, as considered in the Consolidated Ind AS Financial Statements, in respect of one associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements and other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these Financial Statements and other financial information are not material to the Group.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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, 2019 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, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary Companies, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its subsidiaries 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

   i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate in its Consolidated Ind AS Financial Statements – Refer Note 39 to the Consolidated Ind AS Financial Statements;

   ii. Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer (a) Note 9 to the Consolidated Ind AS Financial Statements in respect of such items as it relates to the Group, and (b) the Group's share of net profit/loss in respect of its associate;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associate incorporated in India during the year ended March 31, 2019.

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

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : April 27, 2019

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

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Cholamandalam Investment and Finance Company Limited as of and for the year ended March 31, 2019, 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to one subsidiary Company incorporated in India, is based on the corresponding report of the auditors of such subsidiary Companies incorporated in India.

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

per Subramanian Suresh
Partner
Membership Number: 083673
Place of Signature : Chennai
Date : April 27, 2019

Consolidated Balance Sheet

As at March 31, 2019

₹ in lakhs

	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
ASSETS				
Financial Assets				
Cash and Cash Equivalents	7	3,16,435	30,958	28,909
Bank balances other than Cash and Cash Equivalents	8	54,411	64,227	70,457
Derivative financial instruments	9	8,869	599	-
Receivables	10			
i) Trade Receivables		4,128	6,884	3,871
ii) Other Receivables		3,908	5,577	4,504
Loans	11	52,61,077	42,24,396	33,21,439
Investments				
i) Associate	45	2,519	-	-
ii) Others	12	1,631	2,272	2,394
Other Financial Assets	13	13,896	10,250	14,738
		56,66,874	**43,45,163**	**34,46,312**
Non- Financial Assets				
Current tax assets (Net)		16,181	16,082	10,461
Deferred tax assets (Net)	14	46,012	36,581	31,731
Goodwill on Consolidation		-	701	701
Investment Property	15	47	5	5
Property, Plant and Equipment	16	14,464	14,141	11,965
Intangible Assets under development		1,397	380	4
Other Intangible assets	17	2,220	2,203	2,308
Other Non-Financial Assets	18	1,817	1,422	1,768
		82,138	**71,515**	**58,943**
TOTAL ASSETS		**57,49,012**	**44,16,678**	**35,05,255**
LIABILITIES AND EQUITY				
Financial Liabilities				
Derivative financial instruments	9	841	7,655	10,103
Payables				
(I) Trade Payables				
i) Total outstanding dues of micro and small enterprises		-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises		23,145	21,403	13,246
(II) Other Payables				
i) Total outstanding dues of micro and small enterprises		-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		12,894	10,050	8,143
Debt Securities	19	14,18,431	14,37,395	13,47,094
Borrowings (Other than Debt Securities)	20	32,12,375	20,16,636	13,74,438
Subordinated Liabilities	21	4,25,868	3,79,003	2,94,631
Other Financial Liabilities	22	21,676	20,406	20,400
		51,15,230	**38,92,548**	**30,68,055**
Non-Financial Liabilities				
Provisions	23	7,466	6,396	5,288
Other Non-Financial Liabilities	24	5,445	5,154	748
		12,911	**11,550**	**6,036**
Equity				
Equity share capital	25	15,642	15,640	15,635
Other Equity	26	6,05,229	4,96,906	4,15,329
Equity Attributable to Owners of the Company		6,20,871	5,12,546	4,30,964
Non Controlling Interest		-	34	200
Total Equity		**6,20,871**	**5,12,580**	**4,31,164**
TOTAL LIABILITIES AND EQUITY		**57,49,012**	**44,16,678**	**35,05,255**

The accompanying notes are integral part of the financial statements.

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Consolidated Statement of Profit and Loss

For the year ended March 31, 2019

₹ in lakhs

	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
Revenue from Operations			
- Interest Income	27A	6,56,596	5,23,438
- Net gain on derecognition of financial instruments under amortised cost category		8,670	-
- Fee & Commission income	27B	24,727	17,931
- Net gain on Fair value change on financial instrument	27C	6,334	1,004
- Sale of Services	27D	12,435	13,495
Total Revenue from operations (I)		**7,08,762**	**5,55,868**
- Other income (II)	**28**	**2,121**	**60**
Total Income (III) = (I) + (II)		**7,10,883**	**5,55,928**
Expense			
- Finance costs	29	3,58,814	2,65,668
- Impairment of Financial Instruments	30	31,134	30,841
- Employee benefits expense	31	60,468	55,081
- Depreciation and amortisation expense	15, 16 & 17	5,699	5,086
- Other expenses	32	71,615	59,171
Total Expenses (IV)		**5,27,730**	**4,15,847**
Profit before tax (V) = (III) - (IV)		**1,83,153**	**1,40,081**
Tax expense/(benefit)	**33**		
- Current tax			
- Pertaining to profit for the current period		71,532	53,505
- Adjustment of tax relating to earlier periods		1,596	(66)
- Deferred tax		(9,669)	(5,127)
Net tax expense (VI)		**63,459**	**48,312**
Profit for the year - (V) - (VI)		**1,19,694**	**91,769**
Share of loss from associate (net of tax)		(35)	-
Profit for the year - A		**1,19,659**	**91,769**
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)		(706)	69
Income tax impact		245	(22)
Net (Loss) / gain on equity instrument designated at FVOCI for the year		(619)	6
Income tax impact		-	(3)
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve		1,306	1,100
Income tax impact		(437)	(384)
Other comprehensive income/(loss) for the year (B)		**(211)**	**766**
Total comprehensive income for the year (A + B)		**1,19,448**	**92,535**
Profit for the year attributable to :			
- Equity holders of the Parent Company		1,19,806	91,930
- Non-Controlling Interest		(147)	(164)
Other Comprehensive Income for the year attributable to :			
- Equity holders of the Parent Company		(211)	766
- Non-Controlling Interest		-	3
Total Comprehensive Income for the year attributable to :			
- Equity holders of the Parent Company		1,19,595	92,696
- Non-Controlling Interest		(147)	(161)
Earnings per equity share of ₹ 10 each			
- Basic (₹)		76.56	58.71
- Diluted (₹)		76.50	58.66

The accompanying notes are integral part of the financial statements.

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended March 31, 2019

₹ in lakhs

a) Equity Share Capital	
Balances as on April 1, 2017	15,635
Add: Issue of share capital	5
Balances as on March 31, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	15,643

b) Other Equity (Refer Note 26)

₹ in lakhs

Particulars	Reserve and Surplus								Items of other comprehensive income		
	Share application money pending allotment	**Statutory Reserve**	**Capital Reserve**	**Capital Redemption Reserve**	**Securities Premium Account**	**General Reserve**	**Retained earnings**	**Share based payments reserve**	**Fair valuation of Investment**	**Effective portion of cashflow hedge**	**Total attributable to equity holders**
Opening balance as at April 01, 2017	**18**	**62,046**	**4**	**3,300**	**1,66,421**	**1,40,967**	**44,006**	**184**	**1,176**	**(2,793)**	**4,15,329**
Profit for the year							91,930				**91,930**
Re-measurement of defined benefit plans and fair value change	-	-	-	-	-	-	52	-		-	**52**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	4	716	**720**
Addition during the year	-	-	-	-	242			862			**1,104**
Dividend including DDT	-	-	-	-	-	-	(12,228)				**(12,228)**
Application money transferred on allotment	(18)	-	-	-	17	-	-	-		-	**(1)**
Transfer to reserves from retained earnings during the year	-	20,000	-	-	-	50,000	(70,000)	-		-	**-**
Closing balance as at March 31, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,680**	**1,90,967**	**53,760**	**1,046**	**1,180**	**(2,077)**	**4,96,906**
Profit for the year	-	-	-	-	-	-	1,19,806				**1,19,806**
Re-measurement of defined benefit plans and fair value change	-	-	-	-	-	-	(466)	-		-	**(466)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-		-	(619)	869	**250**
Dividend including DDT	-	-	-	-	-	-	(12,252)	-		-	**(12,252)**
Addition during the year	-	-	-	-	170			815			**985**
Transfer to reserves from retained earnings during the year	-	24,000	-	-	-	60,000	(84,000)	-		-	**-**
Closing balance as at March 31, 2019	**-**	**1,06,046**	**4**	**3,300**	**1,66,850**	**2,50,967**	**76,848**	**1,861**	**561**	**(1,208)**	**6,05,229**

Consolidated Cash Flow Statement

For the year ended March 31, 2019

₹ in lakhs

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
Cash Flow from Operating Activities				
Profit Before Tax		**183,153**		**140,081**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	5,699		5,086	
Impairment of financial instruments	31,134		30,841	
Finance Costs	358,814		265,668	
Loss on Sale of Property plant and equipment (Net)	17		11	
Fair value gain on loss of control in Subsidiary	(2,029)		-	
Net gain on fair value change in financial instruments	(6,334)		(1,004)	
Interest Income on bank deposits	(8,044)		(5,026)	
Dividend on Investments	(23)		(18)	
Share based payment expense	811		862	
		3,80,045		2,96,420
Operating Profit Before Working Capital Changes		**5,63,198**		**4,36,501**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
- Loans	(11,86,025)		(9,33,794)	
- Trade Receivables	2,915		(4,086)	
- Other Financial Assets	(3,629)		4,488	
- Other Non Financial Assets	(553)	(11,87,292)	(61)	(9,33,453)
Proceeds from de-recognition of financial assets recognised at amortised cost		1,18,220		
Increase/(Decrease) in operating liabilities & Provisions				
- Payables		5,882		10,133
- Other Financial liabilities		1,257		(3)
- Provisions		1,093		1,108
- Other Non-Financial liabilities		351		4,406
Cash Flow used in Operations		(4,97,291)		(4,81,308)
Finance Costs paid	(3,68,772)		(2,57,147)	
Interest Received on Bank Deposits and Other Investments	7,496		4,990	
Dividend received	23		18	
		(3,61,253)		(2,52,139)
		(8,58,544)		(7,33,447)
Income tax paid (Net of refunds)		(73,190)		(59,187)
Net Cash Used in Operating Activities (A)		**(9,31,734)**		**(7,92,634)**
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(6,529)		(6,906)	
Proceeds from Sale of Property, Plant and Equipment	292		145	
Intangible assets under development	(1,157)		(376)	
Purchase of Investment designated at FVTPL	(1,29,48,560)		(21,54,377)	
Proceeds from sale of Investment designated at FVTPL	1,29,54,868		21,55,502	
Net Cash Used in Investing Activities (B)		**(1,086)**		**(6,012)**

Consolidated Cash Flow Statement (Contd.)

For the year ended March 31, 2019

₹ in lakhs

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		174		245
Proceeds from issue of debt securities	17,08,570		14,07,516	
Redemption of Debt securities	(17,36,533)		(13,03,148)	
Borrowing - Other than debt securities	29,85,062		13,21,899	
Repayment of borrowing - Other than debt securities	(18,00,501)		(6,83,864)	
Proceeds from issue of subordinated liabilities	82,100		71,500	
Repayment of subordinated liabilities	(18,650)		(7,500)	
		12,20,048		8,06,403
Investment in Bank Fixed Deposits (Net of withdrawals)		11,076		6,436
Dividends Paid (Including Distribution Tax)		(12,239)		(12,219)
Net Cash Flow From Financing Activities (C)		**12,19,059**		**8,00,865**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**2,86,239**		**2,219**
Cash and Cash Equivalents at the Beginning of the year		29,969		27,750
Less: Cash and bank balances on loss of control in subsidiary during the year		(50)		-
Cash and Cash Equivalents at the End of the year		**3,16,158**		**29,969**

The accompanying notes are integral part of the financial statements.

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

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

Date : April 27, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

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 and its subsidiaries (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, distribution of financial products and freight data solutions.

The consolidated financial statements are presented in INR which is also functional currency of the Group.

2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the company, its subsidiaries (being the entity that it controls) and its Associate as at 31st March 2019. 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 year 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 31st March.

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 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.

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, 2019	March 31, 2018
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Home Finance Limited (CHFL) (formerly known as Cholamandalam Distribution Services Limited	100.00%	100.00%
White Data Systems India Private Limited	30.87% from Oct 2018 (63.00% upto Sep 2018)	63.00%

3B. Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4. Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its Counterparties

5. Significant accounting policies

5.1 Financial instruments - initial recognition

5.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

5.1.2 Initial measurement of financial instruments

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 Fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from, this amount.

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

5.1.4 Financial assets and liabilities

5.1.5 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures *Bank balances*, Loans, and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

5.1.6 Business model assessment

The Group determines its business model at the level that best reflects how it manages Group's of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

5.1.7 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

5.1.8 Equity instruments at FVOCI

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 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. Equity instruments at FVOCI are not subject to an impairment assessment.

5.1.9 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on funds borrowed, and costs that are an integral part of the EIR.

5.1.10 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

5.1.11 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2018-19 and 2017-18.

5.2 Derecognition of financial assets and liabilities

5.2.1 Derecognition of financial assets other than due to substantial modification

5.2.1.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

  Or

It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

  A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

  Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

5.2.1.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the 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 Notes. The Group's policies for determining if there has been a significant increase in credit risk are set out 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 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 considered credit-impaired. The Group records an allowance for the LTECLs.

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 ECL are as follows:

PD: The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD: The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LTECLs, PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provision.

5.3.2 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

5.4 Collateral repossessed

The Group generally does not use the assets repossessed for the internal operations. These repossessed assets which are intended to be realised 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 assets. The Group resorts to regular repossession of collateral provided against vehicle loans. Further, in its normal course of business, the Group from time to time, also exercise its right over property through legal procedures which include seizure of the property.

As per the Group's accounting policy, collateral repossessed are not recorded on the balance sheet.

5.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument in the consolidated statement of profit and loss.

5.6 Restructured, rescheduled and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Group considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

5.7 Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

5.7.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

5.8 Recognition of interest income

5.8.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, to the net carrying amount of the financial asset.

Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan.

5.9 Taxes

5.9.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

5.9.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- 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 in Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

5.11 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. 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:

Asset Description	Estimated Useful Life
Furniture and Fixtures*	5 years
Vehicles*	5 years
Membership card of stock exchanges	10 years

*Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

5.12 Intangible assets

The Group's other intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight line basis over a 3 year period or the license period whichever is lower. The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

5.13 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be 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. Re-0measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and

  The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

5.15 Share Based Payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/ stock options outstanding account 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.

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. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

5.19.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

5.19.2 Fee Income & Sale of Services

a) Fee income from loans are recognised upon satisfaction of following:

   i) Completion of service

   ii) and realisation of the fee income.

b) Servicing and collections fees on assignment are recognised upon completion of service.

c) Advertising income is recognised over the contract period as and when related services are rendered.

d) Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

5.20 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, 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 (Service tax/ Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted, and when there is no uncertainty in availing / utilising the same. Group can avail 50% of the input credit as per the applicable regulatory requirement hence it expenses off the balance 50% to the respective expense.

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.

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 determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss 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.

6. Goodwill recognised at the time of acquisition of other entities

This represents the goodwill recognised on the acquisition of subsidiary - White Data Systems India Private Limited. The aggregate values of the same are not significant. The Group believes that the carrying amount of the goodwill is recoverable.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 7 CASH AND CASH EQUIVALENTS			
Cash on hand	4,997	2,528	3,627
Balances with banks			
- In Current Accounts	35,075	21,244	21,238
- In Deposit Accounts - Original maturity 3 months or less	2,68,762	4,476	145
Cheques, drafts on hand	7,324	1,721	2,740
On other bank balances			
- On client and exchange related accounts & other deposits	277	989	1,159
Total	**3,16,435**	**30,958**	**28,909**
Cash and cash equivalents	3,16,435	30,958	28,909
Less: Other bank balances	277	989	1,159
Cash and cash equivalents for cashflow purpose	**3,16,158**	**29,969**	**27,750**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 8 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
- In Deposit Accounts - Original maturity more than 3 months including interest accrued	1,521	3,481	3,006
- Non current bank balances	819	811	
- In earmarked accounts:			
- In Unpaid Dividend Accounts	68	55	46
- Deposits with Banks as collateral towards securitisation loan	51,995	59,872	67,397
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8	8
Total	**54,411**	**64,227**	**70,457**

₹ in lakhs

Part I	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilites	Notional amounts	Fair Value -Assets	Fair Value -Liabilites	Notional amounts	Fair Value -Assets	Fair Value -Liabilites
NOTE : 9 DERIVATIVE FINANCIAL INSTRUMENTS									
(i) Other derivatives - Cross Currency Interest Rate Swap	2,26,150	8,869	840	3,01,500	599	7,655	2,37,400	-	10,103
Total Derivative financial Instruments	**2,26,150**	**8,869**	**840**	**3,01,500**	**599**	**7,655**	**2,37,400**	**-**	**10,103**
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	2,26,150	8,869	840	3,01,500	599	7,655	2,37,400	-	10,103
Total Derivative financial Instruments	**2,26,150**	**8,869**	**840**	**3,01,500**	**599**	**7,655**	**2,37,400**	**-**	**10,103**

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction comprises of Currency and Interest Rate Swaps. The Group undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 10 RECEIVABLES (Unsecured)			
(i) Trade Receivables			
Considered Good *	4,128	6,884	3,871
Doubtful			
Subtotal (i)	**4,128**	**6,884**	**3,871**
(ii) Other Receivables			
Considered Good *	3,908	5,577	4,504
Doubtful			
Subtotal (ii)	**3,908**	**5,577**	**4,504**
Total (i)+(ii)	**8,036**	**12,461**	**8,375**

* Includes dues from related parties, Refer Note 38 (b)

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 11 LOANS (At amortised cost)			
(A)			
(i) Bills Discounted	8,841	13,509	14,717
(ii) Term loans	53,45,307	42,97,146	33,89,298
Total (A) - Gross	**53,54,148**	**43,10,655**	**34,04,015**
Less: Impairment Allowance for (i) & (ii)	(93,071)	(86,259)	(82,576)
Total (A) - Net	**52,61,077**	**42,24,396**	**33,21,439**
(B)			
(i) Secured by tangible assets	**53,03,106**	**42,60,173**	**33,73,622**
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank and Govt guarantees	-	-	-
(iv) Unsecured	**51,042**	**50,482**	**30,393**
Total (B) - Gross	**53,54,148**	**43,10,655**	**34,04,015**
Less: Impairment Allowance	(93,071)	(86,259)	(82,576)
Total (B) - Net	**52,61,077**	**42,24,396**	**33,21,439**

All loans are in India granted to individuals or entities other than public sector

Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and/ or corporate guarantees or personal guarantees and/ or undertaking to create a security.

Term loans Includes unsecured short term loan to an associate. The same has been classified under Stage 1 Category as at 31st March 2019 and related impairment provision as per the Group's accounting policy has been created. The details of the same are disclosed below:

₹ in lakhs

Particulars	As at 31.03.2019
Loan - Outstanding value	
White Data System India Private Limited - Associate	340
Impairment provision	
White Data System India Private Limited - Associate	-

Note : 11.1 LOANS

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

₹ in lakhs

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Bill discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,349	39	892	6,280	13	3	596	612
Exposure de-recognised / matured / repaid	(10,024)	(780)	(67)	(10,871)	(25)	(57)	(41)	(123)

Note : 11.1 LOANS (Contd.)

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

₹ in lakhs

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage	3	-	(80)	(77)	-	-	997	997
Closing as on March 31, 2019	**5,348**	**40**	**3,453**	**8,841**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,56,838	1,94,188	1,46,120	42,97,146	19,810	20,693	44,396	84,899
New assets originated / Increase in existing assets (Net)	27,36,124	28,958	5,332	27,70,414	8,882	2,848	1,867	13,597
Exposure de-recognised / matured / repaid	(15,26,840)	(1,13,191)	(55,853)	(16,95,884)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
Closing as on March 31, 2019	**49,97,112**	**2,07,102**	**1,41,093**	**53,45,307**	**24,641**	**18,832**	**46,425**	**89,898**
Bills Discounted								
Opening as on April 01, 2017	13,098	297	1,322	14,717	31	27	227	285
New assets originated / Increase in existing assets (Net)	10,316	850	273	11,439	26	62	54	142
Exposure de-recognised / matured / repaid	(12,560)	(64)	(23)	(12,647)	(29)	(6)	-	(35)
Transfer to Stage 3	(538)	(233)	771	-	-	(21)	21	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	968	968
Impact of changes on items within the same stage	-	-	-	-	-	-	-	-
Closing as on March 31, 2018	**10,316**	**850**	**2,343**	**13,509**	**28**	**62**	**1,270**	**1,360**
Term loans								
Opening as on April 01, 2017	29,71,109	2,39,716	1,78,473	33,89,298	11,098	19,598	51,595	82,291
New assets originated / Increase in existing assets (Net)	22,40,992	26,863	5,698	22,73,553	8,819	2,892	1,641	13,352
Exposure de-recognised / matured / repaid	(11,59,059)	(1,13,408)	(60,147)	(13,32,614)	(1,279)	(3,603)	(6,520)	(11,402)
Transfer to Stage 1	99,350	(83,039)	(16,311)	-	10,133	(6,527)	(3,606)	-
Transfer to Stage 2	(1,47,324)	1,59,990	(12,666)	-	(591)	3,366	(2,775)	-
Transfer to Stage 3	(40,840)	(29,456)	70,296	-	2,620	(181)	(2,439)	-
Impact on account of exposures transferred during the year between stages (net)	71	262	2,013	2,346	(9,841)	7,762	14,602	12,523
Impact of changes on items within the same stage	-	-	3,712	3,712	(444)	(968)	6,691	5,279
Write off	(7,461)	(6,740)	(24,948)	(39,149)	(705)	(1,646)	(14,793)	(17,144)
Closing as on March 31, 2018	**39,56,838**	**1,94,188**	**1,46,120**	**42,97,146**	**19,810**	**20,693**	**44,396**	**84,899**

ECL across stages have been computed on collective basis.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
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	-	-	129
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	2
Fearing Capital India Evolving Fund 39,350 Equity shares of ₹10 each fully paid up	516	588	657
b) Quoted - FVOCI			
Bombay Stock Exchange Limited 65,000 Equity shares of ₹ 1 each fully paid up	398	492	635
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	715	1,190	971
Total	**1,631**	**2,272**	**2,394**

All Investments represented above are made in India.

* The Group has designated certain unquoted investments as FVOCI on the basis that these are not held for trading.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 13 OTHER FINANCIAL ASSET			
At amortised cost			
Unsecured - considered good (unless otherwise stated)			
Security Deposits	3,298	3,541	2,567
Other Deposits	-	39	1
Interest Only Strip receivable	9,062	4,107	9,735
Other advances	1,536	2,563	2,435
	13,896	**10,250**	**14,738**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 14 DEFERRED TAX			
Deferred Tax Assets			
Impairment on financial instrument	32,430	28,700	27,938
Provision for Contingencies and undrawn commitments	1,379	1,389	1,302
Provision for Claw back	5	-	2
Provision for Compensated Absences and Gratuity	1,280	920	893
Impact of Effective interest rate adjustment on Financial Assets	9,761	6,207	5,588
Contract Liability as per IND AS 115	995	995	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	671	786	480
Carry forward of tax losses	299	-	-
MAT credit entitlement	327	363	236
Others	376	277	235
(A)	**47,523**	**39,637**	**36,674**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 14 DEFERRED TAX (Contd.)			
Deferred Tax Liability			
Impact of Effective interest rate adjustment on Financial Liabilities	856	1,184	1,516
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	-	11	4
Gain on de-recognition of loans	-	1,404	3,370
Other Comprehensive income	655	457	53
(B)	**1,511**	**3,056**	**4,943**
Net Deferred Tax Assets (A) - (B)	**46,012**	**36,581**	**31,731**

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018	
	Income Statement	OCI	Income Statement	OCI
Deferred Tax Assets				
Impairment on financial instrument	3,730	-	762	-
Provision for Contingencies and undrawn commitments	(10)	-	87	-
Provision for Claw back	5	-	(2)	-
Provision for Compensated Absences and Gratuity	360	-	27	-
Impact of Effective interest rate adjustment on Financial Assets	3,554	-	619	-
Contract Liability as per IND AS 115	-	-	995	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	(115)	-	306	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	245	-	(22)
Carry forward of tax losses	299	-	-	-
Others	99	-	42	-
(A)	**7,922**	**245**	**2,836**	**(22)**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	(328)	-	(332)	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	(11)	-	7	-
Gain on de-recognition of loans	(1,404)	-	(1,966)	-
Net (Loss)/gain on equity instrument designated at FVOCI	-	-	-	3
Cashflow Hedge Reserve	-	437	-	384
(B)	**(1,743)**	**437**	**(2,291)**	**387**
Net Deferred Tax Assets (A) - (B)	**9,665**	**(192)**	**5,127**	**(409)**

₹ in lakhs

Particulars	Total
Note : 15 INVESTMENT PROPERTIES	
Deemed cost as at April 01, 2017	**5**
Additions	-
Disposals	-
Gross carrying amount as at March 31, 2018	**5**
Additions*	42
Disposals	-
Gross carrying amount as at March 31, 2019	**47**
Accumulated depreciation and impairment	
Balance as at April 01, 2017	
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2018	**-**
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	**-**
Net Carrying amount	
As at April 01, 2017	**5**
As at March 31, 2018	**5**
As at March 31, 2019	**47**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

Note: The Group has elected to continue with the carrying value for all of its property as recognised in the financial statements as at the date of transition to Ind AS i.e. 1st April, 2017, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1st April, 2017 amounting to ₹ 5 lakhs of Investment property represents gross cost of ₹ 12 lakhs net of accumulated depreciation of ₹ 7 lakhs as at 31st March, 2017.

*Additions represents transfer from Property plant and Equipment.

The Group's investment property consists of 3 properties as at 31st March, 2019. Group has let one property as of 31st March, 2019.

i) Income earned and expense incurred in connection with Investment Property

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Rental Income	29	28
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generated rental income	-	-

ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements

Certain investment properties are leased out to tenants under cancellable operating lease.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
iv) Fair Value			
Investment Property	287	279	271

Note : 15 INVESTMENT PROPERTIES (Contd.)

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ in lakhs	Sensitivity
v) Sensitivity analysis						
Investment Property As at March 31 2019	Professional valuer	Price per Sq. feet	₹7,000 - ₹13,000 per Sq. feet	5% sensitivity 2018-19 - Rate per Sq. ft - 5%, ₹14.35 Lakhs	287	14
Investment Property As at March 31 2018	Professional valuer	Price per Sq. feet	₹7,000 - ₹13,000 per Sq. feet	5% sensitivity 2017-18 - Rate per Sq. ft - 5%, ₹13.95 Lakhs	279	14
Investment Property As at March 31 2017	Professional valuer	Price per Sq. feet	₹7,000 - ₹13,000 per Sq. feet	5% sensitivity 2016-17 - Rate per Sq. ft - 5%, ₹13.55 Lakhs	271	14

₹ in lakhs

Particulars	Freehold Land	Buildings (Refer Note below)*	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total Tangible Asset
Note : 16 PROPERTY, PLANT AND EQUIPMENT								
Deemed cost as at April 01, 2017	**3,956**	**2,575**	**2,053**	**872**	**587**	**1,130**	**792**	**11,965**
Additions	-	-	1,963	791	805	1,810	647	6,016
Disposals	-	-	238	25	17	31	354	665
Gross carrying amount as at March 31, 2018	**3,956**	**2,575**	**3,778**	**1,638**	**1,375**	**2,909**	**1,085**	**17,316**
Additions	-	-	1,997	567	484	801	592	4,441
Disposals	-	42	152	63	64	122	401	844
Gross carrying amount as at March 31, 2019	**3,956**	**2,533**	**5,623**	**2,142**	**1,795**	**3,588**	**1,276**	**20,913**
Accumulated depreciation / amortisation and impairment								
Balance as at April 01, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	-	48	1,506	481	662	727	269	3,693
Depreciation on disposals	-		223	17	16	31	231	518
Balance as at March 31, 2018	**-**	**48**	**1,283**	**464**	**646**	**696**	**38**	**3,175**
Depreciation for the year		48	1,757	465	480	757	327	3,834
Depreciation on disposals		-	77	43	57	108	275	560
Balance as at March 31, 2019	**-**	**96**	**2,963**	**886**	**1,069**	**1,345**	**90**	**6,449**
Net Carrying amount								
As at April 01, 2017	**3,956**	**2,575**	**2,053**	**872**	**587**	**1,130**	**792**	**11,965**
As at March 31, 2018	**3,956**	**2,527**	**2,495**	**1,174**	**729**	**2,213**	**1,047**	**14,141**
As at March 31, 2019	**3,956**	**2,437**	**2,660**	**1,256**	**726**	**2,243**	**1,186**	**14,464**
Useful Life of the asset (In Years)		60	3	5	5	5	5	
Method of depreciation					Straightline method			

Note

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1st April, 2017, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at April 01, 2017 amounting to ₹ 11,964 lakhs of Property, plant and equipment represents gross cost of ₹ 23,919 lakhs net of accumulated depreciation of ₹ 11,955 lakhs as at 31st March, 2017.

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

* Disposal represents transfer to Investment property.

₹ in lakhs

Particulars	Computer Software
Note : 17 INTANGIBLE ASSETS	
Deemed cost as at April 01, 2017	**2,308**
Additions	1,297
Disposals	9
Gross carrying amount as at March 31, 2018	**3,596**
Additions	1,992
Disposals	111
Gross carrying amount as at March 31, 2019	**5,477**
Accumulated Amortization and impairment	
Balance as at April 01, 2017	**-**
Amortization for the year	1,393
Amortization on disposals	-
Balance as at March 31, 2018	**1,393**
Amortization for the year	1,864
Amortization on disposals	-
Balance as at March 31, 2019	**3,257**
Net Carrying amount	
As at April 01, 2017	**2,308**
As at March 31, 2018	**2,203**
As at March 31, 2019	**2,220**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

The group has elected to continue with the carrying value for all of its intangible assets as recognised in the financial statement as at the date of transition to Ind AS i.e 1st April, 2017, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at 1st April, 2017 amounting to ₹ 2,308 lakhs of intangible assets represents gross cost of ₹ 6,811 lakhs net of accumulated depreciation of ₹ 4,503 lakhs as at 31st March, 2017.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 18 OTHER NON FINANCIAL ASSETS			
Unsecured - considered good (unless otherwise stated)			
Prepaid expenses	1,195	1,171	820
Capital Advances	224	128	535
Deposits with others	-	29	16
Balance with Government authorities	-	48	23
Other assets	398	46	374
	1,817	**1,422**	**1,768**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 19 DEBT SECURITIES (at amortised cost)			
Redeemable Non-Convertible Debentures Medium-Term - Secured	10,54,445	12,07,379	10,90,391
Commercial Papers - Unsecured	3,63,986	2,30,016	2,56,703
	14,18,431	**14,37,395**	**13,47,094**

All debt securities in india

19.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property situated at Ahmedabad and Chennai.

(ii) The Group has not defaulted in the repayment of dues to its lenders.

19.1 Security (Contd.)

(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 19.2 based on the Contractual terms basis.

19.2 Details of Debentures

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	-	Apr-24	8.65
3,523	10,00,000	35,230	-	Sep-23	8.80
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	-	Sep-22	8.70
1,050	10,00,000	10,500	500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	-	Sep-21	8.45
2,550	10,00,000	25,500	-	Jul-21	8.97 to 9.06
2,000	10,00,000	20,000	20,000	Jun-21	8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.09
600	10,00,000	6,000	-	Feb-21	9.09
4,650	10,00,000	46,500	19,500	Dec-20	8.00 to 9.15
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	15,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	8,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.10 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
9,850	10,00,000	98,500	40,000	Feb-20	8.02 to 8.85
5,500	10,00,000	55,000	55,000	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	58,500	83,500	Sep-19	8.06 to 8.46
2,250	10,00,000	22,500	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	73,000	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	27,500	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	67,500	67,500	May-19	8.03 to 9.20
1,100	10,00,000	11,000	11,000	Apr-19	8.00 to 9.20
8,800	10,00,000	-	88,000	Mar-19	7.65 to 9.20
5,200	10,00,000	-	52,000	Feb-19	7.96 to 8.05
2,000	10,00,000	-	20,000	Dec-18	8.20
2,350	10,00,000	-	23,500	Nov-18	7.80 to 10.35
6,400	10,00,000	-	64,000	Sep-18	8.27 to 11.00
500	10,00,000	-	5,000	Aug-18	9.03
5,450	10,00,000	-	54,500	Jun-18	8.95 to 9.13
11,430	10,00,000	-	1,14,300	May-18	8.96 to 10.13
400	10,00,000	-	4,000	Apr-18	9.94 to 9.95
		8,93,390	**10,49,000**		

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		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs			
1100	10,00,000	11,000	-	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	7,500	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	800	800	Jul-19	12,98,729	2,98,729
500	10,00,000	5,000	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	800	800	Apr-19	13,08,150	3,08,150
250	10,00,000	2,500	2,500	Apr-19	13,13,730	3,13,730
250	10,00,000	-	2,500	Mar-19	16,23,240	6,23,240
100	10,00,000	-	1,000	Mar-19	16,19,345	6,19,345
160	10,00,000	-	1,600	Feb-19	16,35,566	6,35,566
580	10,00,000	-	5,800	Nov-18	13,57,496	3,57,496
100	10,00,000	-	1,000	Jul-18	13,02,320	3,02,320
150	10,00,000	-	1,500	Jul-18	12,59,970	2,59,970
100	10,00,000	-	1,000	May-18	15,80,260	5,80,260
250	10,00,000	-	2,500	Apr-18	13,01,077	3,01,077
60	10,00,000	-	600	Apr-18	12,95,193	2,95,193
		73,000	**79,500**			

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Put option date	Rate of interest %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs			
15	10,00,000	150	-	Mar-21	Feb-20	8.85
10	10,00,000	100	-	Aug-23	Jul-21	9.06
500	10,00,000	-	5,000	Mar-19	Feb-18	8.90
2500	10,00,000	-	25,000	Sep-19	Sep-18	8.20
		250	**30,000**			

(iv) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Call option date	Rate of interest %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs			
3,250	10,00,000	32,500	32,500	Aug-19	Aug-18	7.85
		32,500	**32,500**			

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 20 BORROWINGS (Other than Debt Securities) at amortised cost			
a) Term Loans			
i) a) From Banks - Secured			
Rupee Loans	21,62,592	9,44,428	5,40,414
Foreign currency Loans	2,00,467	2,96,830	2,30,346
External Commercial Borrowings	34,629	-	-
i) b) From Banks - Unsecured			
Rupee Loans	50,000	42,000	-
ii) From Other Parties - Secured			
Financial Institutions - Rupee Loans	93,481	75,000	-
Securitisation - Rupee Loans	5,49,261	5,62,244	5,37,364
b) Loan repayable on demand - Secured from Banks - Rupee Loans	1,21,945	96,134	66,314
	32,12,375	**20,16,636**	**13,74,438**
Borrowings within India	31,77,746	20,16,636	13,74,438
Borrowings Outside India	34,629	-	-

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 are 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 borrowings represents the net outstanding value (Net of Investment in Pass-through Certificates) of the sale 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. Refer note 35(1) for further details.

(v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 20.2 based on the Contractual terms basis.

20.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2019	31.03.2018
Base Rate / MCLR	< 1year	1	21,000	22,867
		3	12,000	-
		4	20,000	8,000
	1 - 2 years	1	60,000	56,000
		2	-	10,000
		4	60,000	20,000
		5	-	30,000
	2 - 3 years	1	40,000	60,000
		3	15,000	-
		4	-	70,000
	3 - 4 years	6	1,00,000	20,000
		16	25,000	-
	4 - 5 years	6	80,000	1,00,000
		16	-	25,000

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

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding 31.03.2019	31.03.2018
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	52,000	85,000
		2	-	18,000
	1 - 2 years	1	3,10,000	-
		4	50,000	-
	2 - 3 years	1	5,20,000	3,00,000
		4	1,00,000	15,000
		8	1,00,000	-
	3 - 4 years	1	1,00,000	-
	4- 5 years	10	1,00,000	-
		20	3,00,000	-
Rate based on T Bill + Spread	< 1 year	1	5,000	-
	1 - 2 years	1	20,000	10,000
		3	3,000	-
		5	8,334	-
	2 - 3 years	1	-	20,000
		3	-	4,500
	3 - 4 years	3	28,200	-
	4 - 5 years	3	-	28,200
		4	-	10,000
Fixed Rate	< 1year	1	74,000	30,000
	1 - 2 years	1	-	23,439
	2 - 3 years	10	30,000	-
	3 - 4 years	16	63,000	
	4 - 5 years	1	-	75000
3 Months Repo	2 - 3 years	1	30,000	-
Total			**23,56,534**	**10,41,006**
USD 2Y MIBOR + Spread	1-2 years	1	4,000	-
USD 3M LIBOR + Spread	< 1year	1	-	28,879
		4	-	30,065
	1-2 years	1	-	27,559
		5	20,000	-
	2-3 years	5	-	20,304
USD 6M LIBOR + Spread	< 1year	1	1,47,500	48,714
	1-2 years	1	-	1,17,177
	2-3 years	1	34,650	-
Total			**2,06,150**	**2,72,698**

Details of Securitised loan

₹ in lakhs

Rate of Interest	Maturity	Amount outstanding* 31.03.2019	31.03.2018
	Less than 1 year	1,90,854	1,76,435
Fixed	1-2 year	1,26,195	1,20,697
(6.1% to 8.5%)	2-3 year	56,971	53,672
	3-4 year	13,886	15,188
	4-5 year	6,506	7,949
	more than 5 years	26,700	38,898
Total		**4,21,112**	**4,12,839**
	Less than 1 year	11,287	12,170
Floating	1-2 year	11,921	13,083
Base Rate/ MCLR - spread	2-3 year	12,280	13,926
(0.75% to 2.65%)	3-4 year	12,060	14,320
	4-5 year	12,319	14,072
	more than 5 years	66,786	77,298
Total		**1,26,653**	**1,44,869**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received Investment PTC.

20.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 21 SUBORDINATED LIABILITIES (at amortised cost)			
Perpetual Debt - Unsecured	1,44,179	1,17,625	1,11,937
Subordinated Debt - Unsecured	2,81,689	2,61,378	1,82,694
	4,25,868	**3,79,003**	**2,94,631**

All Suborindated liabilities have been contracted in India.

The Group has not defaulted in the repayment of dues to its lenders.

Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 21.1 based on the Contractual terms basis.

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		Due date of redemption	Rate of interest %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs		
3000	10,00,000	30,000	-	Aug-28	9.75
5300	10,00,000	53,000	31,500	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

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs		
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	7,000	7,000	Jun-19	11.40
1,500	10,00,000	15,000	15,000	May-19	11.70 to 11.75
100	10,00,000	-	1,000	Nov-18	10.55
250	10,00,000	-	2,500	Sep-18	11.25
895	10,00,000	-	8,950	Aug-18	12.25
620	10,00,000	-	6,200	Jun-18	10.55 to 12.25
		2,68,650	**2,35,800**		

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs			
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947

(iii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2019 ₹ in lakhs	31.03.2018 ₹ in lakhs		
1120	5,00,000	5,600	-	Mar-29	10.83
5000	5,00,000	25,000	-	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,40,670	**1,10,070**		

Group can redeem using Call Option on the maturity date with prior approval of RBI.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 22 OTHER FINANCIAL LIABILITIES			
Unpaid Dividend	68	55	46
Advances from customers	1,991	1,366	2,299
Security Deposits received	221	212	345
Collections towards derecognised assets pending remittances	4,607	6,901	8,124
Other liabilities	14,789	11,872	9,586
	21,676	**20,406**	**20,400**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 23 PROVISIONS			
Provision for Employee Benefits			
- Compensated Absences	3,578	2,570	1,531
	3,578	**2,570**	**1,531**
Other Provisions (Refer Note 40)			
Provision for Contingencies and Service Tax claims	3,837	3,814	3,747
Provision for undrawn commitments	51	12	10
	3,888	3,826	3,757
	7,466	**6,396**	**5,288**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 24 OTHER NON FINANCIAL LIABILITIES			
Deferred Rent	834	663	396
Income received in advance	2,303	2,965	158
Statutory Liabilities	2,308	1,501	156
Other Liabilities	-	25	38
	5,445	**5,154**	**748**

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
Note : 25 EQUITY SHARE CAPITAL						
AUTHORISED						
Equity Shares of ₹ 10 each with voting rights	24,00,00,000	24,000	24,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**		**74,000**
ISSUED						
Equity Shares of ₹ 10 each with voting rights	15,64,95,867	15,650	15,64,68,125	15,647	15,64,14,287	15,641
		15,650		**15,647**		**15,641**
SUBSCRIBED AND FULLY PAID UP						
Equity Shares of ₹ 10 each with voting rights	15,63,59,113	15,636	15,63,31,371	15,633	15,62,77,533	15,628
Add : Forfeited Shares	1,30,900	6	1,30,900	7	1,30,900	7
		15,642		**15,640**		**15,635**

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

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
Equity Shares						
At the beginning of the year	15,63,31,371	15,633	15,62,77,533	15,628	15,61,45,644	15,615
Issued during the year - Employees Stock Option (ESOP) Scheme	27,742	3	53,838	5	1,31,889	13
Outstanding at the end of the year	**15,63,59,113**	**15,636**	**15,63,31,371**	**15,633**	**15,62,77,533**	**15,628**
Forfeited shares						
Equity Shares - Amount originally paid up	1,30,900	7	1,30,900	7	1,30,900	7

Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

b) Equity Shares held by Holding Company

	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited") - Holding Company	7,25,33,019	7,22,33,019	7,22,33,019

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

₹ in lakhs

	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Nos.	% holding in the class	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares						
Cholamandalam Financial Holdings Limited - Holding Company	7,25,33,019	46.39	7,22,33,019	46.22	7,22,33,019	46.22

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) Shares reserved for issue under options

Refer Note 44 for details of shares reserved for issue under options.

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018
Note : 26 OTHER EQUITY		
Statutory Reserve (Refer Note a)		
Balance at the beginning of the year	82,046	62,046
Add: Amount transferred from retained earnings	24,000	20,000
Closing balance at the end of the year	**1,06,046**	**82,046**
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**

₹ in lakhs

	As at 31.03.2019	As at 31.03.2018
Note : 26 OTHER EQUITY (Contd.)		
Securities Premium Account (Refer Note d)		
Balance at the beginning of the year	1,66,680	1,66,421
Add: Premium on ESOPs exercised	170	259
Closing balance at the end of the year	**1,66,850**	**1,66,680**
General Reserve (Refer Note e)		
Balance at the beginning of the year	1,90,967	1,40,967
Add: Amount transferred from retained earnings	60,000	50,000
Closing balance at the end of the year	**2,50,967**	**1,90,967**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the year	1,046	184
Addition during the year	815	862
Closing balance at the end of the year	**1,861**	**1,046**
Retained Earnings (Refer Note g)		
Balance at the beginning of the year	53,760	44,006
Profit for the year	1,19,806	91,930
Less:		
Dividend		
Equity - Final (₹ 2 per share - March 31, 2018, ₹ 2 per share - March 31, 2017)	(3,127)	(3,126)
Equity - Interim (₹ 4.5 per share - March 31, 2019, ₹ 4.5 per share - March 31, 2018)	(7,036)	(7,034)
Distribution tax on Equity Dividend	(2,089)	(2,068)
Transfer to Statutory Reserve	(24,000)	(20,000)
Transfer to General Reserve	(60,000)	(50,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligation (Net) transferred to Retained Earnings	(466)	52
Closing balance at the end of the year	**76,848**	**53,760**
Cashflow hedge reserve (Refer Note h)		
Balance at the beginning of the year	(2,077)	(2,793)
Addition	869	716
Closing balance at the end of the year	**(1,208)**	**(2,077)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the year	1,180	1,176
Addition	(619)	521
Deduction	-	(517)
Closing balance at the end of the year	**561**	**1,180**
Share Application Money pending Allotment at the end of the year	**-**	**-**
Total Other Equity	**6,05,229**	**4,96,906**

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 Cholamandalam 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 year represents the premium received towards allotment of 27,742 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 Group's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act.

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. Stock options granted but not vested as on the transition date were valued for expired period, calculated from the grant date till date of transition, and were credited to Share Based Payment reserve.

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 Group and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above 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.

Proposed dividend

The Board of Directors of the company have recommended a final dividend of 20% being ₹ 2 per share on the equity shares of the Company, for the year ended 31st March, 2019 (₹ 2 per share - 31st March, 2018) which is subject to approval of shareholders. Consequently the proposed dividend has not been recorded in the books in accordance with IND AS 10.

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 27 REVENUE FROM OPERATIONS		
Note: 27A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
- Bills Discounting	1,027	1,573
- Term Loans	6,47,525	5,16,838
(b) Bank Deposits		
- Bank Deposits under lien	4,384	4,950
- Other Bank Deposits free of lien	3,660	76
Total (A)	**6,56,596**	**5,23,437**
Note: 27B		
i) Fee & Commission income *		
- Term loans	24,727	17,931
Total (B)	**24,727**	**17,931**
***Services are transferred at a point in time**		
Note: 27C		
Net gain on fair value changes on FVTPL - Realised		
Income from mutual funds	6,334	1,004
Total (C)	**6,334**	**1,004**
Note: 27D		
(i) Sale of Services (Refer note below)		
(a) Servicing and Collection fee on Assignment	242	288
(b) Other Servicing Income	8,800	7,694
(c) Freight Income	3,393	5,513
Total (D)	**12,435**	**13,495**
Note: Timing of revenue recognition		
Services transferred at a point in time	8,194	7,491
Services transferred over a time	606	203
Total	**8,800**	**7,694**

Note : 27 REVENUE FROM OPERATIONS (Contd.)

Details related to services transferred over a time.

a) Contract balances

Particulars	**As at 31.03 2019**	**As at 31.03.2018**
		₹ in lakhs
Contract Liabilities	2,241	2,847

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

Particulars	**2018-19**	**2017-18**
Contract liability at the beginning of the year	2,847	-
Revenue Recognised during the period	606	203
Contract liability at the end of the year	2,241	2,847
c) Particulars	**2018-19**	**2017-18**
Total Revenue from contracts with Customer	37,162	31,426

d) Due to Group's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2018)

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 Servicing 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

	Year ended 31.03.2019	**Year ended 31.03.2018**
Note : 28 OTHER INCOME		
Dividend Income from long-term investments	23	18
Gain on loss of control in Subsidiary	2,029	-
Other Non-operating Income		
Rent	29	26
Miscellaneous Income	40	16
	2,121	**60**
Rent received are from cancellable operating lease for office space	29	26

₹ in lakhs

	Year ended 31.03.2019	**Year ended 31.03.2018**
Note : 29 FINANCE COSTS		
Interest on financial liabilities measured at amortised cost		
- Debt Securities	1,36,560	1,71,632
- Borrowings Other than Debt securities	1,89,283	70,004
- Subordinated Liabilities	31,588	21,515
Others		
- Bank charges	1,383	2,517
	3,58,814	**2,65,668**

₹ in lakhs

	Year ended 31.03.2019	**Year ended 31.03.2018**
Note : 30 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
Loss Assets Written Off (Net) -Loans	4,366	9,697
Loss on disposal of Re-possessed assets	19,882	17,474
Impairment provision- Loans - measured at amortised cost	6,886	3,670
	31,134	**30,841**

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 31 EMPLOYEE BENEFITS EXPENSES		
Salaries, Bonus and Commission	54,782	49,029
Contribution to Provident and Other Funds		
- Employees' Provident Fund	2,257	1,894
- Superannuation Fund	256	199
Share based employee payments	811	862
Gratuity Expense	689	646
Staff Welfare Expenses	1,673	2,451
	60,468	**55,081**

₹ in lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
Note : 32 OTHER EXPENDITURE		
Rent and facility charges	5,349	4,888
Rates and Taxes	755	2,456
Energy cost	1,216	1,131
Repairs and Maintenance	319	229
Communication Costs	2,557	2,301
Business development expense	34	43
Brokerage	177	296
Deputation charges	3,575	-
Freight charges	3,369	5,240
Printing and Stationery	1,255	1,173
Advertisement and publicity Expenses	1,600	863
Directors Fees, allowances and expenses	69	49
Auditors' Remuneration	81	122
Legal and Professional Charges	4,710	3,664
Insurance	1,192	934
Travelling and Conveyance	4,672	6,320
Information Technology Expenses	2,581	3,065
Loss on Sale of Property, Plant and Equipment (Net)	17	11
Recovery Charges	20,294	16,730
Corporate Social Responsibility Expenditure (Refer Note 32.3 below)	2,318	1,769
Outsource cost	15,294	7,884
Miscellaneous Expenses	430	239
	71,864	59,407
Less : Expenses Recovered	(249)	(236)
	71,615	**59,171**

32.1 Cancellable operating lease entered for office space	4,617	4,259
32.2 Miscellaneous Expenses includes:		
Donations	50	-
32.3 Details of CSR expenditure		
Gross amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,317	1,768
Amount spent during the year		
a) Construction / acquisition of asset	-	-
b) Others	2,318	1,769

Note : 33

a) Share application money pending allotment as at 31st March, 2017 represents amount received towards 10,261 Equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

b) Earnings Per Share

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit After Tax (₹ 'lakhs)	1,19,691	91,770
Preference Dividend Paid (including tax thereon) (₹ 'lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ 'lakhs)	1,19,691	91,770
Weighted Average Number of Equity Shares (Basic)	15,63,46,240	15,62,99,308
Add: Dilutive effect relating to ESOP/CCPS	1,15,599	1,54,853
Weighted Average Number of Equity Shares (Diluted)	15,64,61,839	15,64,54,161
Earnings per Share - Basic (₹)	76.56	58.71
Earnings per Share - Diluted (₹)	76.50	58.66
Face Value Per Share (₹)	10.00	10.00

Note:

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

c) Income tax reconciliation

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Accounting profit before tax from continuing operations	1,83,153	1,40,081
Income tax rate of 34.944% (March 31, 2018: 34.608%)	64,000	48,479
Effects of:		
Impact of difference in tax base for Donation & CSR expense	461	420
Share based payment expense - No deduction claimed under tax	279	293
Impact of Deduction u/s 35(1)(ii)	(189)	-
Deduction u/s 80JJA	(360)	(357)
Other adjustments	(732)	(154)
Effect of enacted tax rate on Deferred tax	-	(370)
Income tax expense reported in statement of Profit and Loss	63,459	48,311

The effective income tax rate for 31st March, 2019 is 34.944% (31st March, 2018: 34.608%).

Note : 34 TRANSFER OF FINANCIAL ASSETS

34.1 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 its entirety.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Securitisations			
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	5,64,273	5,65,367	5,32,084
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	5,49,261	5,62,244	5,37,364
Fair value of assets	5,87,198	5,92,874	5,56,963
Fair value of associated liabilities	5,47,398	5,73,248	5,33,087
Net position at Fair Value	39,800	19,626	23,876

B) Direct bilateral assignment

The Group has sold some 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 extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Group's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Assignment			
Carrying amount of de-recognised financial asset	1,67,117	67,091	1,02,950
Carrying amount of Retained Assets at amortised cost	19,020	8,648	12,467

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Assignment		
Gain on sale of the de-recognised financial asset	8,670	-

34.2 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 : 35 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 31st March, 2019.

The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
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 : 36 RETIREMENT BENEFIT

A) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the year, the Group recognised ₹ 2,257 lakhs (Previous Year - ₹ 1,894 lakhs) to Provident Fund under Defined Contribution Plan, ₹ 256 lakhs (Previous Year - ₹ 199 lakhs) for Contributions to Superannuation Fund and ₹ 208 lakhs (Previous Year - ₹ 361 lakhs) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

The Group's defined benefit gratuity plan is a final salary plan for India employees, which 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 :

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Details of Actuarial Valuation:		
Projected Benefit Obligation at the beginning of the year	**3,152**	**2,595**
Current Service Cost	716	580
Interest Cost	240	179
Re-measurement Losses/(Gains)		
a) Effect of changes in demographic assumptions	88	(145)
b) Effect of experience adjustments	550	169
Benefits paid	(177)	(211)
Transfer in / Out	17	(14)
Projected Benefit Obligation at the end of the year	**4,586**	**3,153**
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	3,480	1,498
Expected Returns on Plan Assets	264	111
Employer's Contribution	43	2,006
Benefits paid	(177)	(227)
Return on plan assets (excluding interest income)	(72)	91
Transfer in / Out	17	-
Fair Value of Plan Assets at the end of the year	**3,555**	**3,479**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	3,555	3,479
Liability at the End of the Year	4,586	3,153
Amount Recognised in the Balance Sheet under Note - 22 Other Financial Liabilities (Note - 13 Other Financial Assets - March 31, 2018)	**(1,031)**	**326**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	716	580
Net interest (income) / expense	234	175
Expected Return on Plan Assets	(258)	(107)
Net Cost recognized in the statement of Profit and Loss	**692**	**648**
Re-measurement Losses / (Gains)		
a) Effect of changes in demographic assumptions	87	(146)
b) Effect of experience adjustments	550	171
c) Return on plan assets (excluding interest income)	72	(91)
Net cost recognised in Other Comprehensive Income	**709**	**(66)**
Assumptions		
Discount Rate	7.30% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.

Note : 36 RETIREMENT BENEFIT (Contd.)

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Attrition Rate		
- Senior management	13% p.a.	13% to 33% p.a.
- Middle management	13% p.a.	13% to 33% p.a.
- Others	13% p.a.	13% to 33% p.a.
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Expected Payment for future years		
Within the next 12 months(next annual reporting period)	555	391
Between 2 and 5 years	2,300	1,580
Between 5 and 10 years	2,289	1,593
Beyond 10 Years	2,758	2,005
Total Expected Payments	**7,902**	**5,569**

₹ in lakhs

Particulars	31.03.2019		31.03.2018	
	Increase	Decrease	Increase	Decrease
Sensitivity Analysis:				
Discount Rate (+/- 1%)	4,297	4,825	3,007	3,334
Salary Growth Rate (+/- 1%)	4,844	4,279	3,370	2,952
Attrition Rate (+/- 50% of attrition rates)	4,454	4,648	3,116	3,218
Mortality Rate (+/- 10% of mortality rates)	4,456	4,456	3,072	3,071

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Group's best estimate of contribution during the next year is ₹ 1,793 lakhs.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Assumptions		
Discount Rate	7.60% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% to 33% p.a.
- Middle management	13% p.a.	13% to 33% p.a.
- Others	13% p.a.	13% to 33% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at 31st March, 2019.
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 : 37 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 ending 31st March 2019, For management purposes, the Group has been organised into three operating segments based on products and services, as follows:

Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipments and loan to automobile dealers. Loan against property - Loans to customer against immovable property, Others - This includes loans given for acquisition of residential property, loan against security, and other unsecured loans & security broking and insurance agency business.

The CODM monitors the operating results of its business units separately for the purpose of 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 legal entity as whole basis and are not allocated to operating segments.

₹ in lakhs

Particulars	Year ended March 31, 2019				
	Vehicle finance	Home equity	Others	Unallocable	Total
Revenue from Operations					
- Interest Income	5,17,529	1,08,420	22,654	7,993	6,56,596
- Net gain on derecognition of financial instruments under amortised cost category	-	8,670	-	-	8,670
- Fee & Commission Income	16,766	1,711	6,251	(1)	24,727
- Net gain on Fair value change on financial instrument	-	-	6	6,328	6,334
- Sale of Services	8,064	238	3,513	620	12,435
- Others	-	-	-	-	-
Segment revenue from Operations (I)					
- Other income (II)	-	-	2,054	67	2,121
Total Segment Income - (I) + (II)	**5,42,359**	**1,19,039**	**34,478**	**15,007**	**7,10,883**
Expenses					
- Finance costs	2,80,263	70,738	12,505	(4,692)	3,58,814
- Impairment of Financial Instruments	26,883	(433)	4,684	-	31,134
- Employee benefits expense	49,965	5,286	5,024	193	60,468
- Depreciation and amortisation expense	4,938	513	248	-	5,699
- Other expenses	52,488	5,263	11,547	2,317	71,615
Segment Expenses	**4,14,537**	**81,367**	**34,008**	**(2,182)**	**5,27,730**
Segment Profit before taxation	**1,27,822**	**37,672**	**470**	**17,189**	**1,83,153**
Tax expense					63,459
Profit for the year					**1,19,694**

₹ in lakhs

Particulars	Year ended March 31, 2018				
	Vehicle finance	Home equity	Others	Unallocable	Total
Revenue from Operations					
- Interest Income	3,99,138	1,03,116	16,194	4,990	5,23,438
- Net gain on derecognition of financial instruments under amortised cost category				-	-

Note : 37 SEGMENT INFORMATION (Contd.)

₹ in lakhs

Particulars	Year ended March 31, 2018				
	Vehicle finance	Home equity	Others	Unallocable	Total
- Fee Income	13,299	1,815	2,783	34	17,931
- Net gain on Fair value change on financial instrument	-	-	13	991	1,004
- Sale of Services	6,536	339	5,514	1,106	13,495
- Others	-	-	-	-	-
Segment revenue from Operations (I)					
- Other income (II)	-	-	17	43	60
Total Segment Income - (I) + (II)	**4,18,973**	**1,05,270**	**24,521**	**7,164**	**5,55,928**
Expenses					
- Finance costs	2,04,538	68,223	8,231	(15,324)	2,65,668
- Impairment of Financial Instruments	20,072	7,059	4,163	(453)	30,841
- Employee benefits expense	47,028	4,127	3,753	173	55,081
- Depreciation and amortisation expense	4,478	416	192	-	5,086
- Other expenses	43,263	5,703	8,627	1,578	59,171
Segment Expenses	**3,19,379**	**85,528**	**24,966**	**(14,026)**	**4,15,847**
Segment Profit / (loss) before taxation	**99,594**	**19,742**	**(445)**	**21,190**	**1,40,081**
Tax expense					**48,312**
Profit for the year					**91,769**

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on March 31, 2019					
Segment Assets	40,58,768	9,95,439	2,12,907		52,67,114
Unallocable Assets				4,81,897	4,81,897
Total Assets					**57,49,011**
Segment Liabilities	36,70,570	9,00,231	1,89,863		47,60,664
Unallocable Liabilities				3,67,483	3,67,483
Total Liabilities					**51,28,147**
As on March 31, 2018					
Segment Assets	31,44,019	9,42,431	1,46,601		42,33,051
Unallocable Assets				1,83,627	1,83,627
Total Assets					**44,16,678**
Segment Liabilities	28,35,236	8,49,876	1,30,194		38,15,306
Unallocable Liabilities				88,792	88,792
Total Liabilities					**39,04,098**
As on April 01, 2017					
Segment Assets	23,63,402	8,62,600	95,436		33,21,438
Unallocable Assets				1,82,279	1,82,279
Total Assets					**35,03,717**
Segment Liabilities	21,19,163	7,73,457	82,884		29,75,504
Unallocable Liabilities				97,049	97,049
Total Liabilities					**30,72,553**

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 : 38 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Holding Company :** Cholamandalam Financial holdings Limited (formerly known as TI Financial Holdings Limited)
- **Associate :** White Data Systems India Private Limited
- **Entity having significant influence over holding company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk Services Limited
- **Key Managerial Personnel:**
  - a) Mr. S. Vellayan, Managing Director (upto August 19, 2017)
  - b) Mr. N. Srinivasan, Executive Vice Chairman and Managing Director (from August 19, 2017 upto August 18, 2018);
  - c) Mr. Arun Alagappan, Executive Director (From August 19, 2017)
  - d) Mr. D. Arul selvan, Chief Financial Officer
  - e) Ms. P. Sujatha, Company Secretary
- **Non-Executive Directors**
  1. Mr. M.B.N. Rao (upto July 26, 2018)
  2. Mr. V Srinivasa Rangan
  3. Ms. Bharati Rao
  4. Mr. Ashok Kumar Barat
  5. Mr. Nalin Mansukhlal Shah (upto July 27, 2017)
  6. Mr. M.M. Murugappan (upto October 31, 2017 for FY 17-18, From May 31, 2018 for FY 18-19)
  7. Mr. N. Ramesh Rajan (From October 30, 2018)
  8. Mr. Rohan Verma (From March 25, 2019)

Note:

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

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Note : 38 a) TRANSACTIONS DURING THE YEAR		
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	4,709	4,695
b) Ambadi Investments Limited	456	469
c) Parry Enterprises Limited (₹ 0.03 Lakhs for year ended March 31, 2019 and (₹ 0.03 lakhs for year ended March 31, 2018)	0	0
Amounts received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	73	38
b) Cholamandalam MS General Insurance Company Limited	28	6,602
c) Cholamandalam MS Risk Services Limited	-	1
Expenses - Reimbursed		
a) Cholamandalam MS General Insurance Company Limited	126	97
b) Parry Enterprises Limited	3	-
Payments for services availed		
a) Ambadi Investments Limited	0	-
b) Parry Enterprises Limited	748	2,738
c) Parry Agro Limited	2	-
Expense recovered - Rent receipts		
a) Cholamandalam MS General Insurance Company Limited	56	51
b) Parry Enterprises Limited	1	-
Interest Payments		
a) Cholamandalam MS General Insurance Company Limited	1,991	1,036

₹ in lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Note : 38 a) TRANSACTIONS DURING THE YEAR (Contd.)		
Insurance Commission - Income		
a) Cholamandalam MS General Insurance Company Limited	3,821	-
Insurance Premium - Paid		
a) Cholamandalam MS General Insurance Company Limited	-	1

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Note : 38 b) BALANCES OUTSTANDING AT THE YEAR END			
Security Deposit Receivable / (Payable)			
a) Cholamandalam Financial Holdings Limited	-	-	(1)
b) Cholamandalam MS General Insurance Company Limited	(21)	(21)	(21)
Debt Securites - Payable			
a) Cholamandalam MS General Insurance Company Limited	(22,249)	(23,341)	-
Other Receivables / (Payables)			
a) Cholamandalam Financial Holdings Limited	-	-	3
b) Cholamandalam MS General Insurance Company Limited	651	1,855	1,188
c) Parry Enterprises Limited	-	1	-
d) Parry Agro Limited	-	1	-

₹ in lakhs

Nature of Transaction	Year ended 31.03.2019	Year ended 31.03.2018
Note : 38 c) KEY MANAGERIAL PERSONNEL		
Short- term employee benefits	799	885
Post-employment pension (defined Contribution)	81	49
Dividend Payments	16	16
Share based payments	56	88

Note : 39 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Income tax and Interest on Tax issues where the Group has gone on appeal	17,316	15,577	30,850
Decided in the Groups's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,292	13	38
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	5,081	4,992	2,843
Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	19,978	13,702	13,693
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	6,761	8,062	6,294
Order in respect of alleged violations of the Provisions of SEBI Act	7	7	7
Appeal pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit	68	68	68

i) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.

ii) It is not practicable for the Group to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.

iii) The Group does not expect any reimbursement in respect of the above contingent liabilities.

iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(b) Commitments

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Capital commitments	1,807	435	966
Investment commitment to Fearing Capital India Evolving Fund	16	16	32
Disbursements - Undrawn lines	73,345	56,632	38,670

(c) The Supreme Court had passed judgement on 28th February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of caution, the Group has complied the same on prospective basis from the date of the SC order.

d) Bank Guarantee:

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,639	1,625	1,625

Note : 40 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2018	Additional Provision	Utilisation/ Reversal	As at 31.03.2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Undrawn commitments	12	39	-	51

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

The undrawn commitments provided by the Group are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at 31st March, 2019 is ₹ 73,345 lakhs (₹ 56,632 lakhs as at 31st March, 2018 and ₹ 38,670 as at 1st April, 2017).

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 31st March, 2019 is ₹ 51 lakhs (₹ 12 lakhs as at 31st March, 2018 and ₹ 10 lakhs as at 1st April, 2017).

Note : 41 ESOP DISCLOSURE

ESOP 2007

The Board at its meeting held on 22nd June, 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 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 27th October, 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 ₹ 798 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 28).

Note : 41 ESOP DISCLOSURE (CONTD.)

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

Employee Stock Option Plan 2007

		Options outstanding	During the Year 2018-19			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	**Date of Grant**	**As at 31.03.2018**	**Option Granted**	**Options Forfeited / Expired**	**Options Exercised and allotted**	**As at 31.03.2019**	**As at 31.03.2019**	**As at 31.03.2019**	**Exercise Price**	**Weighted Average Remaining Contractual Life**
Gt 25 Apr 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

		Options outstanding	During the Year 2018-19			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	**Date of Grant**	**As at 31.03.2018**	**Option Granted**	**Options Forfeited / Expired**	**Options Exercised and allotted**	**As at 31.03.2019**	**As at 31.03.2019**	**As at 31.03.2019**	**Exercise Price**	**Weighted Average Remaining Contractual Life**
GT25 JAN2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30 JAN2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30 JAN2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23 APR2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26 JUL2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30 OCT2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19 MAR2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

Note : 41 ESOP DISCLOSURE (CONTD.)

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

Employee Stock Option Plan 2007

		Options outstanding	During the Year 2017-18			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2017	Option Granted	Options Cancelled / lapsed	Options Exercised and allotted	As at 31.03.2018	As at 31.03.2018	As at 31.03.2018	Exercise Price	Weighted Average Remaining Contractual Life
Gt 30 Jul 2007	30-Jul-07	4,224	-	-	4,224	-	-	-	193	-
Gt 25 Jan 2008	25-Jan-08	328	-	-	328	-	-	-	262	-
Gt 25 Apr 2008	25-Apr-08	6,069	-	-	5,769	300	300	-	192	-
GT 27 JAN 2011A	27-Jan-11	27,563	-	-	11,938	15,625	15,625	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	23,482	-	-	9,125	14,357	14,357	-	163	-
GT 27 OCT 2011	27-Oct-11	10,323	-	-	2,287	8,036	8,036	-	155	-
Total		**77,965**	**-**	**-**	**33,671**	**44,294**	**44,294**	**-**		

Employee Stock Option Plan 2016

		Options outstanding	During the Year 2017-18			Options outstanding	Options vested but not exercised	Options unvested		
Particulars	Date of Grant	As at 31.03.2017	Option Granted	Options Cancelled / lapsed	Options Exercised and allotted	As at 31.03.2018	As at 31.03.2018	As at 31.03.2018	Exercise Price	Weighted Average Remaining Contractual Life
GT25 JAN2017	25-Jan-17	5,71,000	-	28,180	20,167	5,22,653	88,397	4,34,256	1,010	1.95
GT30 JAN2018	30-Jan-18	-	55,920	-	-	55,920	-	55,920	1,310	1.96
GT30 JAN2018A	30-Jan-18	-	26,940	-	-	26,940	-	26,940	1,310	2.54
Total		**5,71,000**	**82,860**	**28,180**	**20,167**	**6,05,513**	**88,397**	**5,17,116**		

Note : 41 ESOP DISCLOSURE (CONTD.)

The following tables list the inputs to the Black Scholes model used for the plans for the year ended 31st March 2019:

ESOP 2007

Variables						
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant (₹)**	**Fair Value of the Option (₹)**
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

The shareholders of the company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended 31st March, 2019 is ₹ Nil (31st March, 2018- ₹ 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

Note : 41 ESOP DISCLOSURE (CONTD.)

ESOP 2016

Variables						
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
25-Jan-2017	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29
30-Jan-2018	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	496.82
30-Jan-2018	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	531.84
23-Apr-2018	7.45% - 7.81%	3.51 - 6.51 years	30.33% - 32.38%	0.42%	1,562.35	646.08
26-Jul-2018	7.71% - 7.92%	3.51 - 5.51 years	30.56% - 31.83%	0.43%	1,497.30	586.32
30-Oct-2018	7.61% - 7.85%	3.51 - 6.51 years	32.34% - 32.70%	0.51%	1,268.50	531.36
19-Mar-2019	6.91% - 7.25%	3.51 - 6.51 years	32.19% - 32.59%	0.47%	1,390.05	564.13

Note : 42 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

₹ in lakhs

Particulars	April 01, 2018	Cash flows	Exchange Difference	Other	March 31, 2019
Debt Securities. Borrowings other than debt securities and Sub-ordinated liabilities.	38,33,034	12,20,048	13,779	(10,072)	50,56,674

₹ in lakhs

Particulars	April 01, 2017	Cash flows	Exchange Difference	Other	March 31, 2018
Debt Securities. Borrowings other than debt securities and Sub-ordinated liabilities.	30,16,163	8,06,403	(1,946)	12,414	38,33,034

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities.

Note : 43 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, 2019			
Financial Assets			
Cash and Cash Equivalents	3,16,435	3,16,435	-
Bank balances Other than Cash and Cash Equivalents	54,411	20,500	33,911
Derivative financial instruments	8,869	7,229	1,640
Receivables			-
i) Trade Receivables	4,128	4,128	-
ii) Other Receivables	3,908	3,908	-
Loans	52,61,077	16,40,761	36,20,316
Investments	4,150	-	4,150
Other Financial Assets	13,896	5,506	8,390
Total Financial Assets	**56,66,874**	**19,98,467**	**36,68,407**

₹ in lakhs

Particulars	Amount	Maturity Within 12 months	After 12 months
Note : 43 MATURITY ANALYSIS (Contd.)			
Non- Financial Assets			
Current tax assets (Net)	16,181	-	16,181
Deferred tax assets (Net)	46,012	-	46,012
Goodwill on Consolidation	-	-	-
Investment Property	47	-	47
Property, Plant and Equipment	14,464	-	14,464
Intangible assets under development	1,397	-	1,397
Other Intangible assets	2,220	-	2,220
Other Non-Financial Assets	1,817	1,121	696
Total Non- Financial Assets	**82,138**	**1,121**	**81,017**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables			
i) Trade Payables	23,145	23,145	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings (Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,676	21,404	272
Total Financial Liabilities	**51,15,230**	**19,28,703**	**31,86,527**
Non-Financial Liabilities			
Provisions	7,466	7,466	-
Other Non-Financial Liabilities	5,445	3,360	2,085
Total Non-Financial Liabilities	**12,911**	**10,826**	**2,085**
As on March 31, 2018			
Financial Assets			
Cash and Cash Equivalents	30,958	30,958	-
Bank balances Other than Cash and Cash Equivalents	64,227	12,063	52,164
Derivative financial instruments	599	28	571
Receivables			
i) Trade Receivables	6,884	6,884	-
ii) Other Receivables	5,577	5,577	-
Loans	42,24,396	13,42,463	28,81,933
Investments	2,272	-	2,272
Other Financial Assets	10,250	4,665	5,585
Total Financial Assets	**43,45,163**	**14,02,638**	**29,42,525**
Non- Financial Assets			
Current tax assets (Net)	16,082	-	16,082
Deferred tax assets (Net)	36,581	-	36,581
Goodwill on Consolidation	701	-	701
Investment Property	5	-	5
Property, Plant and Equipment	14,141	-	14,141
Intangible assets under development	380	-	380
Other Intangible assets	2,203	-	2,203
Other Non-Financial Assets	1,422	1,175	247
Total Non- Financial Assets	**71,515**	**1,175**	**70,340**

₹ in lakhs

Particulars	Amount	Maturity Within 12 months	After 12 months
Note : 43 MATURITY ANALYSIS (Contd.)			
Financial Liabilities			
Derivative financial instruments	7,655	2,795	4,860
Payables			
i) Trade Payables	21,403	21,403	-
ii) Other Payables	10,050	10,050	-
Debt Securities	14,37,395	7,11,103	7,26,292
Borrowings (Other than Debt Securities)	20,16,636	6,39,138	13,77,498
Subordinated Liabilities	3,79,003	53,484	3,25,519
Other Financial Liabilities	20,406	20,327	79
Total Financial Liabilities	**38,92,548**	**14,58,300**	**24,34,248**
Non-Financial Liabilities			
Provisions	6,396	6,396	-
Other Non-Financial Liabilities	5,154	2,512	2,642
Total Non-Financial Liabilities	**11,550**	**8,908**	**2,642**
As on March 31, 2017			
Financial Assets			
Cash and Cash Equivalents	28,909	28,909	-
Bank balances Other than Cash and Cash Equivalents	70,457	20,519	49,938
Derivative financial instruments	-	-	-
Receivables			
i) Trade Receivables	3,871	3,871	-
ii) Other Receivables	4,504	4,504	-
Loans	33,21,439	10,66,549	22,54,890
Investments	2,394	-	2,394
Other Financial Assets	14,738	5,843	8,895
Total Financial Assets	**34,46,312**	**11,30,195**	**23,16,117**
Non - Financial Assets			
Current tax assets (Net)	10,461	-	10,461
Deferred tax assets (Net)	31,731	-	31,731
Goodwill on Consolidation	701	-	701
Investment Property	5	-	5
Property, Plant and Equipment	11,965	-	11,965
Intangible assets under development	4	-	4
Other Intangible assets	2,308	-	2,308
Other Non-Financial Assets	1,768	1,176	592
Total Non - Financial Assets	**58,943**	**1,176**	**57,767**
Financial Liabilities			
Derivative financial instruments	10,103	590	9,513
Payables			
i) Trade Payables	13,246	13,246	-
ii) Other Payables	8,143	8,143	-
Debt Securities	13,47,094	6,29,613	7,17,481
Borrowings (Other than Debt Securities)	13,74,438	4,80,495	8,93,943
Subordinated Liabilities	2,94,631	22,224	2,72,407
Other Financial Liabilities	20,400	20,263	137
Total Financial Liabilities	**30,68,055**	**11,74,574**	**18,93,481**
Non-Financial Liabilities			
Provisions	5,288	5,231	57
Other Non-Financial Liabilities	748	458	290
Total Non-Financial Liabilities	**6,036**	**5,689**	**347**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Note : 44 NON-CONTROLLING INTEREST		
Balance at the beginning of the year	34	200
Share of loss	(147)	(161)
Share of other comprehensive income		(5)
Adjustment on account of loss of control in subsidiary*	113	
Balance at the end of the year	**-**	**34**

* During the current year, pursuant to investment by another entity in WDSI, the Group's interest in WDSI has reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI. In view of this change in status, the retained interest of the Group in WDSI, Company has de-recognised the non-controlling interest.

Note : 45 INVESTMENT IN AN ASSOCIATE

As at 31st March, 2018, the Group had 63% interest in White Data Systems India Private Limited ("WDSI") and this entity was treated as a subsidiary in the consolidated financial statements. During the current year, pursuant to investment by another entity in WDSI, the Group's interest in WDSI has reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI. In view of this change in status, the retained interest of the Group in WDSI aggregating to 30.87% interest has been fair valued and a resultant fair value gain of ₹ 2,029 lakhs have been recognised in the consolidated statement of profit and loss for the current year.

Particulars	₹ in lakhs
Fair value of Net assets on the date of Investment by other entity	8,274
Group's share on the date of loss of control	30.87%
Fair value of Net assets attributable to Group	2,554
Add: Net liabilities on the date of loss of control	278
Less: Minority Interest	(103)
Less: Goodwill recognised earlier on acquisition of WDSI	(700)
Fair value gain on loss of control in subsidiary	**2,029**

The Group has recognised the value of investment in associate at fair value on the date of loss of control and the same is carried at cost as at reporting date.

Particulars	₹ in lakhs
Value of Investment in Subsidiary on the date of loss of control	2,554
Less: Share of Loss of from Associate	(35)
Amount recognised in the Balance Sheet	**2,519**

The Group has a 30.87% interest in White Data Systems India Private Limited, which is in the business of providing freight data solutions encompassing technology, certification and finance offering in India. The WDSI has dedicated logistics platform “i-loads”, seamlessly connects load providers, logistics agents, brokers and transporters through its disruptive technology. It is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group’s investment in White Data Systems India Private Limited:

₹ in lakhs

Particulars	31.03.2019
Current assets	4,333
Non-current assets	540
Current liabilities	(1,067)
Non-current liabilities	(28)
Equity	**3,778**
Proportion of the Group’s ownership	30.87%
Group's share in the Equity of the associate	1,166

Note : 45 INVESTMENT IN AN ASSOCIATE (Contd.)

₹ in lakhs

Particulars	31.03.2019
Revenue from contracts with customers	7,180
Other Income	93
Depreciation & amortization	(87)
Finance cost	(140)
Employee benefit	(350)
Other expense	(7,204)
Profit before tax	**(508)**
Income tax expense	3
Profit for the year (continuing operations)	**(505)**
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(3)
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)	**(508)**
Total comprehensive income from the date on which status changed from subsidiary to associate till March 31, 2019	**(113)**
Group's share of loss considered in the consolidated statement of Profit and loss	**(35)**

The associate had no contingent liabilities or capital commitments as at 31st March, 2018 or 31st March, 2019.

Note : 46 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 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.

The Group has complied in full with the capital requirements prescribed by RBI over the reported period.

46.1 Risk Management

The Group 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 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: The 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.

The Group has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights 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 also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The Group identifies and monitors risks periodically. 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 risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the Group directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, 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. 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 Group's risk management initiatives and risk MIS are reviewed monthly by the

Note : 46 CAPITAL MANAGEMENT (Contd.)

managing director and business heads. 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, operational risk, liquidity and foreign currency risk.

46.2 Credit Risk

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.

The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business.

The Group also has a well developed business planning model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

46.3 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 Group's exposure to market risk is a function of asset liability management activities. The Group is exposed to interest rate risk and liquidity risk.

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.

46.4 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 74% of the loan book of the Group as of 31st March, 2019 (73% as of 31st March, 2018). 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 5% and 22% leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self occupied residential property) to self employed non professional category of borrowers and contributes to 21% of the lending book of the group as of 31st March, 2019 (24% as of 1st March, 2018). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by group for each product by its region and its sub-segments. Group did not overly depend on few regions or products as of 31st March, 2019.

46.5 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

Note : 46 CAPITAL MANAGEMENT (Contd.)

risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

46.6 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 47 for the summary of maturity profile of undiscounted cashflows of the Group's financial assets and financial liabilities as at reporting period.

46.7 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.

46.8 Disclosure of Effects of Hedge Accounting

Cash flow Hedge

As at March 31, 2019								
Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	5	1	1,82,631	35,491	November 07, 2019 to March 18, 2022	8,028	(8,415)	Borrowings and Finance cost

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	Hedge Effectiveness recognised in profit and loss	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	1,306	-	-	NA

46.8 Disclosure of Effects of Hedge Accounting (Contd.)

As at March 31, 2018								
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**	**Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness**	**Line item in Balance sheet**
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	4	4	76,901	2,31,655	June 30, 2018 to September 25, 2020	7,056	5,363	Borrowings and Finance cost

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	Hedge Effectiveness recognised in profit and loss	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	1,100	-	-	NA

As at April 01, 2017								
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**	**Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness**	**Line item in Balance sheet**
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	-	5	-	2,47,503	October 27, 2017 to November 08, 2019	(10,103)	7,310	Borrowings and Finance cost

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	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	2,793	-	-	NA

46.9 COLLATERAL AND OTHER CREDIT ENHANCEMENTS

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Group values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Group's empanelled valuer.

Hypothecation endorsement in favour of the Group in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Group for loan against securities. The Group does not obtain any other form of credit enhancement other than the above. 99% of the Group's term loan are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

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

As at March 31, 2019 **₹ in lakhs**

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Financial Assets								
Cash and Cash Equivalents	89,996	2,29,834	-	-	-	-	-	**3,19,830**
Bank balances other than Cash and Cash Equivalents	370	6,810	3,997	12,521	22,226	2,172	19,394	**67,490**
Derivative financial instruments	-	-	-	7,229	1,640	-	-	**8,869**
Receivables								
i) Trade Receivables	4,128	-	-	-	-	-	-	**4,128**
ii) Other Receivables	3,908	-	-	-	-	-	-	**3,908**
Loans	3,47,736	4,01,295	555,041	10,37,025	2,811,745	8,93,363	12,75,688	**73,21,893**
Investments								
i) Associate	-	-	-	-	-	-	2,519	**2,519**
ii) Others							1,631	**1,631**
Other Financial Assets	-	1,461	1,006	1,775	5,487	1,051	3,117	**13,897**
Total Undiscounted financial assets	**4,46,138**	**6,39,400**	**5,60,044**	**10,58,550**	**28,41,098**	**8,96,586**	**13,02,349**	**77,44,165**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	23,145	-	-	-	-	-	-	**23,145**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings (Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,362	-	-	-	252	21	-	**21,635**
Total Undiscounted financial liabilities	**3,69,711**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,913**	**6,16,051**	**3,84,069**	**58,95,983**
Total net Undiscounted financial assets / (liabilities)	**76,427**	**3,18,015**	**17,153**	**71,587**	**1,66,185**	**2,80,535**	**9,18,280**	**18,48,182**

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

As at March 31, 2018 **₹ 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	30,958	-	-	-	-	-	-	**30,958**
Bank balances other than Cash and Cash Equivalents	765	4,796	1,418	10,829	38,797	2,869	20,468	**79,942**
Derivative financial instruments				28	571			**599**
Receivables								
i) Trade Receivables	6,884	-	-	-	-	-	-	**6,884**
ii) Other Receivables	5,577	-	-	-	-	-	-	**5,577**
Loans	2,82,184	3,17,558	4,27,709	8,00,753	21,70,175	7,01,526	9,41,129	**56,41,035**
Investments	-	-	-	-	-	-	-	-
i) Associate	-	-	-	-	-	-	-	-
ii) Others	-	-	-	-	-	-	2,272	**2,272**
Other Financial Assets	2,210	766	479	937	3,944	187	1,726	**10,249**
Total Undiscounted financial assets	**3,28,578**	**3,23,120**	**4,29,606**	**8,12,547**	**22,13,487**	**7,04,582**	**9,65,595**	**57,77,516**
Financial Liabilities								
Derivative financial instruments	-	1,311	1,484	-	4,859	-	-	**7,654**
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	21,403	-	-	-	-	-	-	**21,403**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises	10,050	-	-	-	-	-	-	**10,050**
Debt Securities	13,146	2,79,732	1,46,548	3,73,063	7,12,578	1,00,498	3,354	**16,28,919**
Borrowings (Other than Debt Securities)	2,00,215	1,58,890	1,89,775	3,06,457	11,98,001	2,26,873	1,62,217	**24,42,428**
Subordinated Liabilities	275	11,962	24,326	20,044	1,32,016	1,70,868	1,80,929	**5,40,420**
Other Financial Liabilities	20,163	-	-	-	222	21	-	**20,406**
Total Undiscounted financial liabilities	**2,65,252**	**4,51,895**	**3,62,133**	**6,99,564**	**20,47,676**	**4,98,260**	**3,46,500**	**46,71,280**
Total net Undiscounted financial assets/(liabilities)	**63,326**	**(1,28,775)**	**67,473**	**1,12,983**	**1,65,811**	**2,06,322**	**6,19,095**	**11,06,236**

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

As at March 31, 2017 **₹ 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	28,910	-	-	-	-	-	-	**28,910**
Bank balances other than Cash and Cash Equivalents	339	4,413	10,414	9,784	34,803	9,805	17,512	**87,070**
Derivative financial instruments	-	-	-	-	-	-	-	**-**
Receivables								
i) Trade Receivables	3,871	-	-	-	-	-	-	**3,871**
ii) Other Receivables	4,504	-	-	-	-	-	-	**4,504**
Loans	2,34,647	2,58,306	3,45,671	6,43,776	16,76,108	5,20,312	8,10,009	**44,88,829**
Investments	-	-	-	-	-	-	-	**-**
i) Associate	-	-	-	-	-	-	-	**-**
ii) Others	-	-	-	-	-	-	2,394	**2,394**
Other Financial Assets	1,030	1,145	952	2,569	6,158	1,242	1,643	**14,739**
Total Undiscounted financial assets	**2,73,301**	**2,63,864**	**3,57,037**	**6,56,129**	**17,17,069**	**5,31,359**	**8,31,558**	**46,30,317**
Financial Liabilities								
Derivative financial instruments	-	-	-	590	9,512	-	-	**10,102**
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	13,246	-	-	-	-	-	-	**13,246**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	
ii) Total outstanding dues of creditors other than micro and small enterprises	8,143	-	-	-	-	-	-	**8,143**
Debt Securities	37,277	1,95,647	62,980	3,86,306	7,82,545	26,826	3,568	**14,95,149**
Borrowings (Other than Debt Securities)	90,238	90,942	2,59,260	2,17,765	7,86,327	79,025	1,46,760	**16,70,317**
Subordinated Liabilities	1,375	9,253	4,796	24,612	1,09,013	1,68,971	1,27,661	**4,45,681**
Other Financial Liabilities	20,092	-	-	-	247	21	-	**20,360**
Total Undiscounted financial liabilities	**1,70,371**	**2,95,842**	**3,27,036**	**6,29,273**	**16,87,644**	**2,74,843**	**2,77,989**	**36,62,998**
Total net Undiscounted financial assets/(liabilities)	**1,02,930**	**(31,978)**	**30,001**	**26,856**	**29,425**	**2,56,516**	**5,53,569**	**9,67,319**

Note : 48

Note : 48.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non-financial liabilities.

₹ in lakhs

	31.03.2019		31.03.2018		01.04.2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Cash and Cash Equivalents	3,16,435	3,16,435	30,958	30,958	28,909	28,909
Bank balances Other than Cash and Cash Equivalents	54,411	54,411	64,227	64,227	70,457	70,457
Derivative financial instruments	8,869	8,869	599	599	-	-
Receivables						
i) Trade Receivables	4,128	4,128	6,884	6,884	3,871	3,871
ii) Other Receivables	3,908	3,908	5,577	5,577	4,504	4,504
Loans	52,61,077	52,80,975	42,24,396	43,12,873	33,21,439	33,75,236
Investments	1,631	1,631	2,272	2,272	2,394	2,394
Other Financial Assets	13,896	13,896	10,250	10,250	14,738	14,738
Total Financial Assets	**56,64,355**	**56,84,253**	**43,45,163**	**44,33,640**	**34,46,312**	**35,00,109**
Financial Liabilities						
Derivative financial instruments	841	841	7,655	7,655	10,103	10,103
Payables						
i) Trade Payables	23,145	23,145	21,403	21,403	13,246	13,246
ii) Other Payables	12,894	12,894	10,050	10,050	8,143	8,143
Debt Securities	14,18,431	14,13,496	14,37,395	14,46,861	13,47,094	13,55,132
Borrowings(Other than Debt Securities)	32,12,375	32,10,512	20,16,636	20,27,640	13,74,438	13,70,161
Subordinated Liabilities	4,25,868	4,28,174	3,79,003	3,69,939	2,94,631	3,00,287
Other Financial Liabilities	21,676	21,676	20,406	20,406	20,400	20,400
Total Financial Liabilities	**51,15,230**	**51,10,738**	**38,92,548**	**39,03,954**	**30,68,055**	**30,77,472**

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities

i) Derivatives are fair valued using market observable rates and publishing prices

ii) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

iii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.

Note : 48 (Contd.)

Note : 48.2 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2019.

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVOCI Equity Instruments	1,648	1,132	516	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019.

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	-

There have been no transfers between different levels during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2018.

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVOCI Equity Instruments	2,340	1,752	588	-
Derivative financial instruments	599	-	599	-
Assets for which fair values are disclosed				
Investment Properties *	5	-	-	279

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, 2018.

₹ in lakhs

		Fair value measurement using		
	Carrying Value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at Fair value				
Derivative financial instruments	7,655	-	7,655	-

There have been no transfers between different levels during the period.

Note : 48 (Contd.)

Quantitative disclosure fair value measurement hierarchy of assets as at April 01, 2017

₹ 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	2,408	1622	656	129
Assets for which fair values are disclosed				
Investment Properties *	5	-	-	271

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 April 01, 2017

₹ 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	10,103	-	10,103	-

There have been no transfers between different levels during the period.

Note 48.3 Summary of Financial assets and liabilities which are recognised at amortised cost

₹ in lakhs

Particulars	As at 31.03.2019	31.03.2018	01.04.2017
Financial Assets			
Cash and Cash Equivalents	3,16,435	30,958	28,909
Bank balances other than Cash and Cash Equivalents	54,411	64,227	70,457
Loans	5,259,927	4,223,468	33,20,172
Other Financial Assets	13,896	10,250	14,738
Financial Liabilities			
Debt Securities	14,18,431	14,37,395	13,47,094
Borrowings (Other than Debt Securities)	32,12,375	20,16,636	13,74,438
Subordinated Liabilities	4,25,868	3,79,003	2,94,631
Other Financial liabilities	21,676	20,406	20,400

48.4 Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Note : 49 FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended 31st March 2019, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2018, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or Previous GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2019, together with the comparative period data as at and for the year ended 31st March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1st April 2017, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2017 and the financial statements as at and for the year ended 31st March 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions/ exceptions:

Mandatory exemptions

i) Classification and measurement of financial assets

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

ii) Impairment of financial assets

The Group has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at 1st April, 2017.

iii) Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVOCI criteria based on the facts and circumstances that existed as of the transition date.

iv) Deemed cost for property, plant and equipment and intangible assets

The Group has elected to continue with the carrying value of all of its plant and equipment, capital work-in-progress and intangible assets recognised as of 1st April, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

v) Determining whether an arrangement contains a lease

The Group has applied Appendix C of Ind AS 17 whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

vi) Classification and measurement of financial assets

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

vii) Share based payments

Ind AS 102 Share based Payment has not been applied to equity instruments in share-based payment transactions that vested before 1st April, 2017.

viii) Investment in associates

The Group has elected to measure investment in associate at cost.

xi) Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements in Ind AS 109 retrospectively for securitisation and assignment transactions as the information needed to apply Ind AS 109 to these financial assets derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions in the respective years.

x) Business combinations

In accordance with Ind AS transitional provisions, the Group has elected to apply Ind AS relating to business combinations prospectively from 1st April, 2017. As such, previous GAAP balances relating to business combinations entered into before that date, have been carried forward without adjustment.

The estimates are consistent with those made in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVOCI - equity shares and Impairment of financial assets based on expected Credit loss model where application of Indian GAAP did not require estimation.

Note : 49 FIRST-TIME ADOPTION OF IND AS (Contd.)

First time adoption Ind AS reconciliations

A. Reconciliations of Balance Sheet

₹ in lakhs

Particulars	Note	As at 31.03.2018			As at 01.04.2017		
		Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I ASSETS							
Financial assets							
(a) Cash and Cash Equivalents	10	30,958	-	30,958	28,909	-	28,909
(b) Bank balances	10	63,991	236	64,227	70,256	201	70,457
(c) Derivative financial instruments	10	-	599	599	-	-	-
(d) Receivables	3	12,508	(47)	12,461	9,569	(1,194)	8,375
(e) Loans	1	37,20,933	5,03,463	42,24,396	28,43,384	4,78,055	33,21,439
(f) Investments	10	25,678	(23,406)	2,272	18,206	(15,812)	2,394
(g) Other Financial Assets	2	29,216	(18,966)	10,250	26,943	(12,205)	14,738
		38,83,284	**4,61,879**	**43,45,163**	**29,97,267**	**4,49,045**	**34,46,312**
Non Financial assets							
(a) Current tax assets (Net)		16,082	-	16,082	10,461	-	10,461
(b) Deferred tax assets (Net)	5	34,349	2,232	36,581	31,774	(43)	31,731
(c) Goodwill on consolidation		701	-	701	701	-	701
(d) Investment Property		5	-	5	5	-	5
(e) Intangible assets under development		380	-	380	4	-	4
(f) Property, Plant and Equipment		14,141	-	14,141	11,965	-	11,965
(g) Intangible assets		2,203	-	2,203	2,308	-	2,308
(h) Other Non-Financial Assets	10	5,692	(4,270)	1,422	5,339	(3,571)	1,768
		73,553	**(2,038)**	**71,515**	**62,557**	**(3,614)**	**58,943**
Total Assets		**39,56,837**	**4,59,841**	**44,16,678**	**30,59,824**	**4,45,431**	**35,05,255**
II LIABILITIES							
Financial Liabilities							
(a) Derivative financial instruments	10	7,056	599	7,655	10,103	-	10,103
(b) Trade payables	10						
i) Dues to Micro and Small Enterprises			-	-		-	-
ii) Other Trade payables		40,386	(8,933)	31,453	29,869	(8,480)	21,389
(c) Debt Securities	4	13,99,302	38,093	14,37,395	12,95,878	51,216	13,47,094
(d) Borrowings (Other than Debt Securities)	4,1	15,29,068	4,87,568	20,16,636	9,04,564	4,69,874	13,74,438
(e) Subordinated Liabilities	4	3,47,370	31,633	3,79,003	2,83,370	11,261	2,94,631
(f) Other Financial Liabilities	1	39,786	(19,380)	20,406	37,803	(17,403)	20,400
		33,62,968	**5,29,580**	**38,92,548**	**25,61,587**	**5,06,468**	**30,68,055**
Non-Financial Liabilities							
(a) Provisions	9	76,483	(70,087)	6,396	67,321	(62,033)	5,288
(b) Other Non-Financial Liabilities	1	897	4,257	5,154	924	(176)	748
		77,380	**(65,830)**	**11,550**	**68,245**	**(62,209)**	**6,036**
Equity							
(a) Equity share capital		15,640	-	15,640	15,635	-	15,635
(b) Other Equity		5,00,811	(3,905)	4,96,906	4,14,157	1,172	4,15,329
		5,16,451	**(3,905)**	**5,12,546**	**4,29,792**	**1,172**	**4,30,964**
Non Controlling Interest		38	(4)	34	200	-	200
Total		**39,56,837**	**4,59,841**	**44,16,678**	**30,59,824**	**4,45,431**	**35,05,255**

Note : 49 FIRST-TIME ADOPTION OF IND AS (Contd.)

First time adoption Ind AS reconciliations

B. Reconciliation of total comprehensive income for the year ended March 31, 2018

₹ in lakhs

Particulars	Note No.	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Revenue from Operations				
- Interest Income	1, 10	4,83,838	39,600	5,23,438
- Net gain on derecognition of financial instruments under amortised cost category	2	-	-	-
- Fee & Commission income	10	59,723	(41,792)	17,931
- Net gain on Fair value change on financial instruments		1,098	(94)	1,004
- Sale of Services	8,10	5,405	8,090	13,495
Total Revenue from operations (I)		**5,50,064**	**5,804**	**5,55,868**
- Other income (II)		63	(3)	60
Total Income (I+II = III)		**5,50,127**	**5,801**	**5,55,928**
IV Expenses				
- Finance costs	1, 4, 10	2,30,521	35,147	2,65,668
- Net Loss on Fair value change on financial instrument		-	-	-
- Impairment of Financial Instruments	1, 9	34,977	(4,136)	30,841
- Employee benefits expense	3	54,158	923	55,081
- Depreciation and amortisation expense		5,086	-	5,086
- Other expenses	10	77,009	(17,838)	59,171
Total expenses (IV)		**4,01,751**	**14,096**	**4,15,847**
Profit before tax (III-IV)		**1,48,376**	**(8,295)**	**1,40,081**
Tax expense				
- Current tax				
- Pertaining to profit for the current period		53,533	(28)	53,505
- Adjustment of tax relating to earlier periods		(89)	23	(66)
- Deferred tax	5	(2,448)	(2,679)	(5,127)
Net tax expense		**50,996**	**(2,684)**	**48,312**
Profit for the period		**97,380**	**(5,611)**	**91,769**
Share of Loss attributable to non controlling interest		**162**	**(1)**	**161**
Other Comprehensive Income/(loss)	6			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains and (losses) on defined benefit obligations (net)		-	69	69
Tax on above adjustments		-	(22)	(22)
Fair value of investment - Gain/(Loss)		-	6	6
Tax on above adjustments		-	(3)	(3)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cashflow Hedge Reserve Gain/(Loss)		-	1,100	1,100
Tax on above adjustments		-	(384)	(384)
Total Comprehensive Income		**97,542**	**(4,846)**	**92,696**

Note : 49 FIRST-TIME ADOPTION OF IND AS (Contd.)

C. Effects of IND AS adoption on Total Equity

Particulars	Note below	As at 31.03.2018	As at 01.04.2017
Net Worth under IGAAP		**5,16,451**	**4,29,791**
Adoption of effective interest rate for amortisation of expense and income - Financial assets at amortised cost	3	(17,914)	(16,142)
Adjustments on account of de-recognition of financial assets		4,107	9,735
Adoption of effective interest rate for amortisation of expense and income - Financial Liabilities at amortised cost	3	472	500
Expected credit loss and related adjustments	2	8,743	5,878
Impact of application of IND AS 115 on revenue from certain customer contracts		(2,847)	-
Adjustments on account of change to Fair value of investment through OCI		1,285	1,244
Tax adjustments on above items		2,249	(42)
Net Worth under IND AS		**5,12,546**	**4,30,964**

D. Effects of IND AS adoption on Cash Flows for year ended 31 March 2018

₹ in lakhs

Particulars	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	(7,59,215)	(33,419)	(7,92,634)
Net cash generated from/(used in) investing activities	(12,292)	6,280	(6,012)
Net cash generated from/(used in) financing activities	7,69,375	31,490	8,00,865
Net increase/(decrease) in cash and cash equivalents	**(2,132)**	**4,351**	**2,219**
Cash and cash equivalents at start of year	27,750	-	27,750
Cash and cash equivalents at close of year	**25,618**	**4,351**	**29,969**

Notes:

1. **Loans**

i) Under Indian GAAP, the Group has created provision for loans based on guidelines on prudential norms issued by RBI. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss Model (ECL). The differential impact has been adjusted in Retained earnings / Profit and loss during the period.

ii) Under Indian GAAP, NPA provision along with Standard asset provision has been disclosed under Provisions. Under Ind AS the ECL provision has been shown net of loan balance.

iii) Under Indian GAAP, transaction cost incurred in connection with loans are amortised upfront and charged to profit and loss for the period. Under Ind AS, transaction cost are included in the initial recognition amount of financial asset measured at amortised cost and charged to profit and loss using effective interest method.

iv) The Group has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books, upon satisfaction of the "true sale" criteria laid down by the RBI. However, as per Ind AS, the Group has not transferred substantially all the risks and rewards, the asset has been re-recognised on a basis that reflects the rights and obligations that the Group has retained (related liabilities has been recognised in Borrowings other than debt securities & related Interest income and expense has been recognised).

v) Under Indian GAAP, Income from Securitisation transaction recognised as Excess Interest Spread where was under Ind AS, Group has recognised the interest on the loans which has been re-recognised as Interest income using Effective Interest rate. Interest on proceeds received from securitisation recognised as Finance cost.

vi) Under Indian GAAP, Group has reversed the interest on NPA accounts based on guidelines on prudential norms issued by RBI. Ind AS, Interest income for Stage 3 receivables are recognised on the amortised cost of such receivables (Gross carrying value less impairment provision) and the same is also tested for impairment.

Note : 49 FIRST-TIME ADOPTION OF IND AS (Contd.)

2 Other Financial assets

Under Ind AS, with respect to assignment deals, Group has recognised an interest only strip receivable as at 31st March, 2018 and As on 01st April, 2017, with corresponding credit to retained earning/ profit and loss for the year, which has been computed by discounting excess interest spread (EIS) to present value. Necessary adjustments to credit risk has also been made.

3 Share-based payments

Under Indian GAAP, the Group recognised only the intrinsic value for the share based payment plans as an expense. Ind AS required the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense has been recognised in profit and loss for the period ended 31st March, 2018. Share options which were granted before and still not vested as at 01st April, 2017, have been recognised as a separate component of equity in Share based payment reserve against retained earnings as at 01st April, 2017.

4. Debt Securities, Borrowings (Other than Debt Securities) and Subordinated Liabilities

i) Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period and charged to profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit and loss using the effective interest method.

ii) The Group has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books, upon satisfaction of the "true sale" criteria laid down by the RBI. However, as per Ind AS, the Group has not transferred substantially all the risks and rewards, the asset has been re-recognised on a basis that reflects the rights and obligations that the Group has retained. The proceeds from such transferred assets recognised as securitisation borrowing under the category "Borrowings other than securitisation".

iii) Under Indian GAAP, Investment in pass-through certificates ('PTCs') made by the Group pursuant to the securitisation transactions entered have been included in the carrying amount of investments. Under Ind AS such PTC investments have been netted off against the securitisation borrowings.

5. Deferred tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

6. Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

7. Re-measurement of post employment benefit plans

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

8. Sale of Services

Under Indian GAAP, Group has recognised certain service income on upfront basis, Under Ind AS the same is required to be amortised over the period based on satisfaction of performance obligations.

9. Provision for undrawn Commitments

Under Indian GAAP, Group is not required to create provision for ECL against undrawn commitments, however under Ind AS, impairment allowance on undrawn commitment has been determined based on Expected Credit Loss Model (ECL) and shown under Provisions. The differential impact has been adjusted in Retained earnings / Profit and loss during the period.

10. Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

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 31^{ST} MARCH 2018 AND 31^{ST} MARCH 2019

As at March 31, 2019

₹ in lakhs

Name of the entities	Net Assets (i.e total assets less total liabilities		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit and Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	6,09,139	101%	1,20,412	-194%	409	101%	1,20,820
II. Subsidiaries								
Cholamandalam Securities Limited	1%	3,904	0%	255	53%	(112)	0%	143
Cholamandalam Home Finance Limited	1%	5,309	-1%	(762)	241%	(508)	-1%	(1,270)
Minority Interests in all subsidiaries	0%	-	0%	(147)	0%	-	0%	(147)
II. Associates (Investment as per equity method)								
White Data Systems India Private Limited	0%	2,519	0%	(98)	0%	0	0%	(98)
	100%	**6,20,872**	**100%**	**1,19,659**	**100%**	**(210.97)**	**100%**	**1,19,448**

As at March 31, 2018

₹ in lakhs

Name of the entities	Net Assets (i.e total assets less total liabilities		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit and Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	5,02,296	98%	90,885	82%	630	99%	91,515
II. Subsidiaries								
Cholamandalam Securities Limited	1%	2,658	1%	533	-19%	(146)	0%	387
Cholamandalam Home Finance Limited	1%	6,579	1%	609	36%	275	1%	884
White Data Systems India Private Limited	0%	1,012	0%	(160)	1%	7	0%	(153)
Minority Interests in all subsidiaries	0%	34	0%	(95)	0%	-	0%	(95)
	100%	**5,12,579**	**100%**	**91,770**	**100%**	**766**	**100%**	**92,538**

Note : 51 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in the financial statements.

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

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

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

Arun Alagappan
Executive Director

M.M. Murugappan
Chairman

Date : April 27, 2019
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 Financial Statements

We have audited the accompanying standalone financial statements of Cholamandalam Investment and Finance Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by 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, 2018, its profit, and its cash flows for the year ended on that date.

Other Matter

The financial statements of the Company for the year ended March 31, 2017, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 28, 2017.

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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) 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, 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 financial statements – Refer Note 32 to the standalone 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 6 & 8 to the standalone financial statements;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Subramanian Suresh
Partner
Membership Number: 083673

Place : Chennai
Date : April 23, 2018

Annexure 1 referred to in our report of even date

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

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

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

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

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

(iii) (a) The Company has granted loans to two subsidiary companies 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, provisions of Sections 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by 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.

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

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

₹ in lakhs

Name of the statute	**Nature of dues**	**Amount not deposited**	**Period to which the amounts relate**	**Forum where the dispute is pending**
Income Tax Act, 1961	Tax and interest	261.37	1996-97*,1997-98*, 2003-04, 2007-08 & 2008-09*	High Court of Madras
		2.79	1990-91 & 1991-92	Income Tax Appellate Tribunal
		1,862.75	2009-10 to 2014-15	CIT(Appeal)
Bihar Finance Act, 1981	Sales Tax	2.19	1992-93 & 1993-94	Sales Tax Appellate Tribunal
Gujarat Sales Tax Act, 1969	Sales Tax	2.03	1997-98	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Sales Tax	357.46	2007-08 to 2013-14	Karnataka High court
Maharashtra Value Added Tax Act, 2002	Sales Tax	2,423.81	2008-09 to 2015-16	Sales Tax Appellate Tribunal
Delhi Sales Tax Act, 1975	Sales Tax	7.58	1991-92	Deputy Commissioner of Sales Tax
Odisha Value Added Tax Act, 2004	Sales Tax	302.56	2007-08 to 2013-2014	Sales Tax Appellate Tribunal
Rajasthan Value Added Tax Act, 2003	Sales Tax	4.01	2007-08 to 2013-14	Appellate Authority III
		-	2006-07 to 2013-14*	Rajasthan Tax Board
		-	2006-07 to 2013-14*	Supreme Court of India
Tamil Nadu Value Added Tax Act, 2006	Sales Tax	64.90	2014-15	Joint Commissioner of Commercial Taxes
		1,094.06	2006-07 to 2013-2014	Sales Tax Appellate Tribunal
Tamil Nadu General Sales Tax Act, 1959	TNGST & CST	998.80	1994-95	High Court of Madras
Finance Act, 1994	Service Tax	13,841.82	2007-08 to 2014-15	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 / further public offer / debt instrument and term loans hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.

(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.

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

(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) of the Order 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 Subramanian Suresh
Partner
Membership Number: 083673

Place : Chennai
Date : April 23, 2018

Annexure 2 to the Independent Auditor’s Report of even date on the Standalone 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 over financial reporting of Cholamandalam Investment and Finance Company Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting 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 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.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Subramanian Suresh
Partner
Membership Number: 083673

Place : Chennai
Date : April 23, 2018

Balance Sheet

As at March 31, 2018

₹ in lakhs

	Note No.	As at 31.03.2018	As at 31.03.2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	15,639.68	15,634.29
Reserves and surplus	4	4,99,382.50	4,12,839.96
		5,15,022.18	**4,28,474.25**
Share Application Money pending Allotment		**-**	**18.13**
Non-current liabilities			
Long-term borrowings	5	20,54,515.59	15,10,457.38
Other long-term liabilities	6	12,971.84	19,618.96
Long-term provisions	7	65,557.88	58,620.67
		21,33,045.31	**15,88,697.01**
Current liabilities			
Short-term borrowings	5	3,68,237.31	3,26,896.05
Trade payables			
i) Dues to Micro and Small Enterprises	27	-	-
ii) Other Trade payables		36,061.97	27,512.50
Current maturities of long-term borrowings	5	7,67,474.44	5,73,556.33
Other current liabilities	8	1,19,739.81	1,05,681.89
Short-term provisions	7	10,876.34	8,643.70
		13,02,389.87	**10,42,290.47**
TOTAL		**39,50,457.36**	**30,59,479.86**
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Property, Plant and Equipment		14,005.66	11,808.63
(ii) Intangible assets		2,070.36	2,195.43
		16,076.02	**14,004.06**
Non-current investments	10	23,826.67	19,248.38
Deferred tax assets (Net)	11	33,955.53	31,515.64
Receivables under financing activity	12	25,98,946.73	19,93,543.85
Long-term loans and advances	13	18,231.90	11,723.34
Other non-current assets	14	52,405.25	52,997.50
		27,43,442.10	**21,23,032.77**
Current assets			
Current investments	15	8,071.98	4,610.21
Cash and Bank Balances	16	39,250.51	47,063.56
Receivables under financing activity	12	11,21,168.49	8,47,904.21
Short-term loans and advances	13	2,973.14	5,110.26
Other current assets	14	35,551.14	31,758.85
		12,07,015.26	**9,36,447.09**
TOTAL		**39,50,457.36**	**30,59,479.86**
Summary of significant accounting policies	**1**		

The accompanying notes are integral part of the financial statements.

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

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Statement of Profit and Loss

For the year ended March 31, 2018

₹ in lakhs

	Note No.	As at 31.03.2018	As at 31.03.2017
Revenue			
- Revenue from operations	17	5,42,532.92	4,65,955.29
- Other income	18	43.60	79.45
Total Revenue		**5,42,576.52**	**4,66,034.74**
Expenses			
- Finance costs	19	2,30,784.84	2,23,079.97
- Business origination outsourcing		26,085.90	17,841.95
- Employee benefits expense	20	52,766.15	40,264.41
- Other expenses	21	45,131.66	39,416.09
- Depreciation and amortisation expense	9	4,967.95	3,811.34
- Provisions and loan losses	22	34,509.10	31,063.34
Total Expenses		**3,94,245.60**	**3,55,477.10**
Profit before tax		**1,48,330.92**	**1,10,557.64**
Tax expense/(benefit)			
- Current tax			
- Pertaining to profit for the current period		53,358.68	41,804.93
- Adjustment of tax relating to earlier periods		-	245.47
- Deferred tax	11	(2,439.89)	(3,366.30)
Net tax expense		50,918.79	38,684.10
Profit for the year		**97,412.13**	**71,873.54**
Earnings per equity share of ₹ 10 each	23 b		
- Basic (₹)		62.32	46.01
- Diluted (₹)		62.26	45.99

The accompanying notes are integral part of the financial statements.

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

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Cash Flow Statement

For the year ended March 31, 2018

₹ in lakhs

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
Cash Flow from Operating Activities				
Profit Before Tax		**1,48,330.92**		**1,10,557.64**
Adjustments for :-				
Depreciation and amortisation expense	4,967.95		3,811.34	
Provisions/(reversal of provisions) - Long-Term				
- Standard Assets (Net)	2,530.44		586.46	
- Non-Performing Assets under Financing Activity (Net)	4,406.77		8,756.99	
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	-		-	
- Diminution in Value of Investments	(323.96)		(500.00)	
Provisions/(reversal of provisions) - Short -Term				
- Standard Assets (Net)	1,098.14		(3,897.74)	
- Compensated Absences(Net)	1,036.63		289.18	
- Contingencies	97.87		486.00	
Loss on Repossessed Assets (Net)	17,109.59		20,263.75	
Loss assets written off	9,688.12		5,853.88	
Finance Costs	2,30,784.84		2,23,079.96	
Loss on Sale of Fixed Assets (Net)	11.49		0.91	
Liability no longer required written back	-		(12.07)	
Profit on Sale of Current Investments (Net)	(991.45)		(1,281.90)	
Gain on prepayment of Commercial paper and Debentures (Net)	-		-	
Interest Income on deposits	(4,964.59)		(5,038.45)	
Interest Income on Investments	(1,388.61)		(173.25)	
Dividend on Investments	(0.25)		-	
		2,64,062.98		2,52,225.06
Operating Profit Before Working Capital Changes		**4,12,393.90**		**3,62,782.70**
Adjustments for :-				
(Increase)/Decrease in operating Assets - Current/short-term				
- Receivables under Financing Activity (including Repossessed Assets)	(6,35,055.47)		(5,75,221.99)	
- Other Current Assets	(4,067.12)		(2,331.67)	
- Loans and advances	1,137.12	(6,37,985.47)	(2,377.60)	(5,79,931.26)
(Increase)/Decrease in operating Assets - Non Current/Long-term				
- Receivables under Financing Activity	(6,05,402.88)		(1,74,778.01)	
- Other Non Current Assets	473.47		(9,965.01)	
- Loans and advances	(985.65)	(6,05,915.06)	(259.79)	(1,85,002.81)
Securitisation / Assignment of Receivables		3,35,449.53		4,74,101.53
Increase/(Decrease) in operating liabilities				
- Current & Short-term liabilities		10,128.31		16,228.59
- Long-term liabilities		111.52		(92.95)
Cash Flow generated used in Operations		(4,85,817.27)		88,085.80
Finance Costs paid	(2,22,150.35)		(1,95,779.47)	
Interest Received on Bank Deposits and Other Investments	6,287.40		5,190.88	
Profit on Sale of Current Investments	991.45		1,281.90	
Direct Taxes Paid	(58,932.55)	(2,73,804.05)	(47,890.98)	(2,37,197.67)
Net Cash Used in Operating Activities (A)		**(7,59,621.32)**		**(1,49,111.87)**

Cash Flow Statement (Contd.)

For the year ended March 31, 2018

₹ in lakhs

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
Cash Flow from Investing Activities				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	5,787.87		1,137.70	
Purchase of Fixed Assets	(7,117.59)		(5,650.77)	
Proceeds from Sale of Fixed Assets	117.27		55.97	
Inter corporate Deposit placed with subsidiary	(15,550.00)		-	
Inter corporate Deposit repaid by subsidiary	16,550.00		1,000.00	
Purchase of Other Investments	(21,53,500.00)		(28,09,000.00)	
Proceeds from Other Investments	21,45,783.81		27,92,302.46	
Dividend Received on Investments	0.25		-	
Net Cash Used in Investing Activities (B)		**(7,928.39)**		**(20,154.64)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		245.53		254.79
Proceeds from issue of long-term debentures	5,24,016.17		7,41,800.00	
Redemption of long-term debentures	(3,29,020.00)		(1,74,040.00)	
Borrowing - Term Loan from Banks	8,15,200.00		4,15,900.33	
Repayment - Term Loans from Banks	(2,74,166.69)		(7,49,867.00)	
Proceeds from Inter - Corporate Deposits - Subsidiary	4,350.00		1,050.00	
Repayment of Inter - Corporate Deposits - Subsidiary	(8,200.00)		-	
Increase / Decrease in short-term borrowings	45,319.33	7,77,498.81	(54,709.62)	1,80,133.71
Decrease in Fixed Deposits		(0.15)		(1.08)
Dividends Paid (Including Distribution Tax)		(12,219.66)		(10,332.44)
Net Cash From Financing Activities (C)		**7,65,524.53**		**1,70,054.98**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(2,025.18)**		**788.47**
Cash and Cash Equivalents at the Beginning of the Period		27,404.30		26,615.83
Cash and Cash Equivalents at the End of the Period		25,379.12		27,404.30
Note:				
Cash and Cash Equivalents at the End of the Year as per Balance Sheet		39,250.51		47,063.56
Less: Balance in Current Accounts held for Unpaid Dividends		54.55		46.35
Less: Bank Deposits held for More than Three Months		2,761.81		537.89
Less: Bank Deposits under Lien		11,055.03		19,075.02
		25,379.12		27,404.30

The accompanying notes are integral part of the financial statements.

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

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Notes forming part of the Financial Statements

For the year ended March 31, 2018

Cholamandalam Investment and Finance Company Limited ("the Company") is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans and corporate mortgage loans. The Company through its subsidiaries, is also engaged in the business of broking, distribution of financial products and freight data solutions.

1. Basis of accounting and preparation of financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 133 of the Companies Act 2013 and Companies (Accounting Standard) Amendment Rules 2016, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act 2013.The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

1.1 Significant accounting policies

a) Use of Estimates

Preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in that affect reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

c) Revenue Recognition

Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the loan contracts. In the case of Non-Performing Loans, interest income is recognised upon realisation, as per the RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per the RBI Guidelines.

Loss, if any, in respect of securitisation and assignment is recognised upfront.

Service Charges are recognised on issue of delivery instruction to the dealer/ manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

Additional interest, cheque bounce charges, field visit charges and all other charges relating to financing activities are recognised as income on realisation due to uncertainty in their collection.

Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.

Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

Dividend Income is recognised when the right to receive dividend is established.

d) Fixed Assets, Depreciation and Impairment

Property, Plant and Equipment / Depreciation:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Property, Plant and Equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Useful life of assets as per Schedule II:

Asset Description	Estimated Useful Life
Buildings	60 years
Plant and Machinery - Computer Equipment	3 years
Office Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on the Management's estimation:

Asset Description	Estimated Useful Life
Plant and Machinery -Others*	5 years
Furniture and Fixtures*	5 years
Vehicles*	5 years

*Estimated useful life of these assets is based on usage and replacement policy of such assets.

Assets individually costing less than or equal to ₹ 5,000 are fully depreciated in the year of acquisition.

Intangible assets / Amortisation:

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised over their estimated useful life on the straight-line method as follows:

Asset Description	Estimated Useful Life
Intangible Assets - Computer Software	License Period or 3 years, whichever is lower

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The carrying amount of 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 net selling price of the assets and its value in use.

e) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties

Investments which are long-term in nature are stated at cost. Provisions is made for diminution in value, if it is of nature other than temporary.

Current investments are individually valued at the lower of cost and fair value.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.

f) Receivables under Financing Activity, Provisioning and De-recognition

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off:

(i) Unearned income

(ii) Instalments appropriated up to the Balance Sheet date

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending, subject to the minimum provisioning requirements specified by the RBI.

Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity, subject to the minimum provisioning requirements specified by the RBI.

The Company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

g) Repossessed Assets

Repossessed Assets are valued at the lower of cost and the estimated net realisable value.

h) Retirement and Other Benefits

(i) Defined Contribution Plans:

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family Pension Fund, based on the statutory provisions as per the Employee Provident Fund Scheme. The Company has no liability for future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Employees' State Insurance: The Company contributes to Employees State Insurance Scheme and recognises 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 recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(ii) Defined Benefit Plan

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 using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

(iii) Long-term compensated absences

The Company treats its liability for long-term compensated absences based on actuarial valuation as at the Balance Sheet date, determined by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur and not deferred.

While the long-term compensated absences is treated as long-term employee benefit for measurement purpose, it is presented as current provision in the Balance Sheet since the Company does not have an unconditional right to defer its settlement for 12 months after its reporting date.

(iv) Other-short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

i) Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items are carried at historical cost.

Treatment of Exchange Differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Accounting of Forward Contracts

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the period.

j) Derivative Accounting

The Company enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

k) Hedge Accounting

The Company uses foreign currency forward contracts / cross currency interest rate swaps to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions / variable rate foreign currency loans. The Company designates such forward contracts / cross currency interest rate swaps in a cash flow hedging relationship by applying the hedge accounting principles set out in "Guidance Note on Accounting for Derivative Contracts" issued by ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

l) Lease Accounting

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

m) Business Origination and Outsourcing

Business origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period of incurrence.

n) Input Tax Credit (Service Tax / Goods and Services Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted and when there is no uncertainty in availing / utilising the same.

o) Taxation

Income Tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred Tax: Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Statement of Profit and Loss.

p) Employee share based payments

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant, if any, over the exercise price of the options is recognized as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

r) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

s) Finance Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Zero Coupon bonds is amortised over the tenor of the underlying instrument. Premium payable on redemption of debentures is accrued over the tenor of the debentures. The interest on commercial paper is accrued till maturity of the underlying instrument.

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

t) Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. The balance of Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

u) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary-items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of eqity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

v) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Operating Cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current. All Non-performing assets are classified as Non-Current.

2.) Early adoption of Provision for Non-performing assets and Standard assets

The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over the period of three years, commencing from the financial year ended March 31, 2016.

In the previous year (March 31, 2017), the Company has early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2018.

₹ in lakhs

Particulars	As at 31.03.2018 Nos.	As at 31.03.2018 Amount	As at 31.03.2017 Nos.	As at 31.03.2017 Amount
NOTE : 3 SHARE CAPITAL				
AUTHORISED				
Equity Shares of ₹ 10 each with voting rights	24,00,00,000	24,000.00	24,00,00,000	24,000.00
Preference Shares of ₹ 100 each	5,00,00,000	50,000.00	5,00,00,000	50,000.00
		74,000.00		**74,000.00**
ISSUED				
Equity Shares of ₹ 10 each with voting rights	15,64,68,125	15,646.81	15,64,14,287	15,641.43
		15,646.81		**15,641.43**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 10 each with voting rights	15,63,31,371	15,633.14	15,62,77,533	15,627.75
Add : Forfeited Shares	1,30,900	6.54	1,30,900	6.54
		15,639.68		15,634.29
		15,639.68		**15,634.29**

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

₹ in lakhs

Particulars	As at 31.03.2018 Nos.	As at 31.03.2018 Amount	As at 31.03.2017 Nos.	As at 31.03.2017 Amount
Equity Shares (Note b)				
At the beginning of the year	15,62,77,533	15,627.75	15,61,45,644	15,614.56
Issued during the year - Employees Stock Option (ESOP) Scheme	53,838	5.38	1,31,889	13.19
Outstanding at the end of the year	**15,63,31,371**	**15,633.13**	**15,62,77,533**	**15,627.75**
Forfeited shares				
Equity Shares - Amount originally paid up	**1,30,900**	**6.54**	**1,30,900**	**6.54**

b) Terms/rights attached to Equity shares:

The Company has only one class of equity shares having a par value of ₹ 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.

c) Equity Shares held by Entity having Significant influence over the Company

Particulars	As at 31.03.2018	As at 31.03.2017
TI Financial Holdings Limited (formerly known as "Tube Investments of India Limited") - Entity having Significant influence over the Company	7,22,33,019	7,22,33,019

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

Particulars	As at 31.03.2018 Nos.	As at 31.03.2018 % holding in the class	As at 31.03.2017 Nos.	As at 31.03.2017 % holding in the class
Equity Shares				
TI Financial Holdings Limited	7,22,33,019	46.21	7,22,33,019	46.22

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.

e) Shares reserved for issue under options

Refer Note 34 for details of shares reserved for issue under options.

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 4 RESERVES AND SURPLUS		
Capital Reserve	**3.97**	**3.97**
Capital Redemption Reserve (Refer Note 4.1)	**3,300.00**	**3,300.00**
Securities Premium Account		
Balance at the beginning of the year	1,66,421.43	1,66,195.45
Add: Premium on ESOPs exercised	258.27	225.98
Closing balance at the end of the year	**1,66,679.70**	**1,66,421.43**
Statutory Reserve (Refer Note 4.2)		
Balance at the beginning of the year	62,046.48	47,046.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	20,000.00	15,000.00
Closing balance at the end of the year	**82,046.48**	**62,046.48**
General Reserve		
Balance at the beginning of the year	1,38,776.51	1,08,776.51
Add: Amount transferred from surplus in the Statement of Profit and Loss	50,000.00	30,000.00
Closing balance at the end of the year	**1,88,776.51**	**1,38,776.51**
Hedge Reserve		
Balance at the beginning of the year	(2,792.96)	-
Addition	1,100.00	(2,792.96)
Deduction	-	-
Closing balance at the end of the year	**(1,692.96)**	**(2,792.96)**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	45,084.53	24,794.79
Profit for the year	97,412.13	71,873.54
Less:		
Dividend		
Equity for previous year	-	(0.89)
Equity Interim - Paid ₹ 4.50 per share (March 31, 2017 - ₹ 3.50 per share)	(10,159.60)	(5,469.31)
Distribution tax on Equity Dividend	(2,068.26)	(1,113.60)
Transfer to Statutory Reserve	(20,000.00)	(15,000.00)
Transfer to General Reserve	(50,000.00)	(30,000.00)
Net surplus in the Statement of Profit and Loss at the end of the year	**60,268.80**	**45,084.53**
Total Reserves and Surplus	**4,99,382.50**	**4,12,839.96**

4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during prior years.

4.2 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

4.3 The Board of Directors of the Company have recommended a final dividend of 20% being ₹ 2 per share on the equity shares of the Company, for the year ended March 31, 2018 (₹ 2 per share - March 31, 2017) which is subject to approval of shareholders. Consequently the proposed dividend has not been recorded in the books in accordance with AS-4 (Revised).

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
NOTE : 5 BORROWINGS (REFER NOTE 5.4)				
LONG - TERM				
Redeemable Non-Convertible Debentures				
Medium-Term - Secured - Refer Note 5.2 (i) & 5.3 (i) to (iv)	7,18,116.17	6,78,400.00	4,42,800.00	3,51,520.00
Subordinated Debt - Unsecured - Refer Note 5.3 (v) & 5.3 (vi)	2,18,650.00	1,65,800.00	18,650.00	7,500.00
Perpetual Debt - Unsecured - Refer Note 5.3 (vii)	1,10,070.00	1,10,070.00	-	-
Term Loans				
Rupee Loans from Banks - Secured - Refer Note 5.2 (ii) & 5.3 (viii)	8,19,200.00	3,39,066.00	1,98,366.67	2,01,567.33
Foreign currency Loans from Banks - Secured - Refer Note 5.2(ii) & 5.3 (viii)	1,88,479.42	2,17,121.38	1,07,657.77	12,969.00
	20,54,515.59	**15,10,457.38**	**7,67,474.44**	**5,73,556.33**
The above amount includes:				
Secured borrowings	17,25,795.59	12,34,587.38	7,48,824.44	5,66,056.33
Unsecured borrowings	3,28,720.00	2,75,870.00	18,650.00	7,500.00
Amount disclosed under the head "Current Maturities of Long-term borrowings"	-	-	(7,67,474.44)	(5,73,556.33)
	20,54,515.59	**15,10,457.38**	**-**	**-**
SHORT - TERM				
Working Capital Demand loans and Cash Credit from Banks				
- Secured - (Refer Note 5.2(iii))	-	-	1,38,133.37	66,314.03
- Unsecured	-	-	-	-
Commercial Papers - Unsecured (Refer Note 5.1)	-	-	2,30,103.94	2,56,732.02
Inter-corporate Deposits - Unsecured from subsidiaries (Refer Note 31)(c)	-	-	-	3,850.00
	-	**-**	**3,68,237.31**	**3,26,896.05**
The above amount includes:				
Secured borrowings	-	-	1,38,133.37	66,314.03
Unsecured borrowings	-	-	2,30,103.94	2,60,582.02
	-	**-**	**3,68,237.31**	**3,26,896.05**

5.1 Face value of commercial paper is ₹ 2,40,000 lakhs as on March 31, 2018 (₹ 2,66,500 lakhs - March 31, 2017)

5.2 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.

(ii) Term loans from banks are secured by way of specific /pari passu charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(iii) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

5.3 Details of Debentures

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	-	Nov-22	8.00
50	10,00,000	500	500	Mar-22	8.35
2,000	10,00,000	20,000	-	Jun-21	8.52
4,770	10,00,000	47,700	-	Apr-21	8.09
1,950	10,00,000	19,500	-	Dec-20	8.00
1,750	10,00,000	17,500	-	Oct-20	7.75
1,500	10,00,000	15,000	-	Jun-20	8.10
800	10,00,000	8,000	-	May-20	8.12
800	10,00,000	8,000	8,000	Apr-20	8.10 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
4,000	10,00,000	40,000	20,000	Feb-20	8.02 to 8.12
5,500	10,00,000	55,000	-	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	40,000	Oct-19	8.05 to 8.20
8,350	10,00,000	83,500	38,500	Sep-19	8.06 to 8.46
2,250	10,00,000	22,500	7,500	Aug-19	7.50 to 9.90
7,300	10,00,000	73,000	3,000	Jul-19	7.80 to 9.90
2,750	10,00,000	27,500	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	67,500	57,500	May-19	8.03 to 9.20
1,100	10,00,000	11,000	8,500	Apr-19	8.00 to 9.20
8,800	10,00,000	88,000	63,000	Mar-19	7.65 to 9.20
5,200	10,00,000	52,000	37,000	Feb-19	7.96 to 8.05
2,000	10,00,000	20,000	20,000	Dec-18	8.20
2,350	10,00,000	23,500	23,500	Nov-18	7.80 to 10.35
6,400	10,00,000	64,000	64,000	Sep-18	8.27 to 11.00
500	10,00,000	5,000	5,000	Aug-18	9.03
5,450	10,00,000	54,500	54,500	Jun-18	8.95 to 9.13
11,430	10,00,000	1,14,300	1,14,300	May-18	8.96 to 10.13
400	10,00,000	4,000	4,000	Apr-18	9.94 to 9.95
11,550	10,00,000	-	1,15,500	Mar-18	8.15 to 9.35
3,250	10,00,000	-	32,500	Feb-18	8.90
2,500	10,00,000	-	25,000	Dec-17	10.50
2,450	10,00,000	-	24,500	Nov-17	8.90 to 9.55
550	10,00,000	-	5,500	Aug-17	9.00
650	10,00,000	-	6,500	Jul-17	9.90
5,755	10,00,000	-	57,550	Jun-17	8.90 to 9.90
65	10,00,000	-	650	May-17	9.24 to 9.25
1,500	10,00,000	-	15,000	Apr-17	9.35
		10,49,000	**9,14,000**		

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs			
1000	10,00,000	10,000	-	Mar-21	12,76,583	2,76,583
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	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	7,500	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	800	800	Jul-19	12,98,729	2,98,729
500	10,00,000	5,000	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	800	800	Apr-19	13,08,150	3,08,150
250	10,00,000	2,500	2,500	Apr-19	13,13,730	3,13,730
250	10,00,000	2,500	2,500	Mar-19	16,23,240	6,23,240
100	10,00,000	1,000	1,000	Mar-19	16,19,345	6,19,345
160	10,00,000	1,600	1,600	Feb-19	16,35,566	6,35,566
580	10,00,000	5,800	5,800	Nov-18	13,57,496	3,57,496
100	10,00,000	1,000	1,000	Jul-18	13,02,320	3,02,320
150	10,00,000	1,500	1,500	Jul-18	12,59,970	2,59,970
100	10,00,000	1,000	1,000	May-18	15,80,260	5,80,260
250	10,00,000	2,500	2,500	Apr-18	13,01,077	3,01,077
60	10,00,000	600	600	Apr-18	12,95,193	2,95,193
250	10,00,000	-	2,500	Mar-18	11,26,095	1,26,095
110	10,00,000	-	1,100	Dec-17	13,60,923	3,60,923
110	10,00,000	-	1,100	Oct-17	13,17,130	3,17,130
850	10,00,000	-	8,500	Aug-17	11,88,380	1,88,380
100	10,00,000	-	1,000	Aug-17	13,20,598	3,20,598
75	10,00,000	-	750	Jul-17	13,23,949	3,23,949
100	10,00,000	-	1,000	Jun-17	11,76,932	1,76,932
50	10,00,000	-	500	Jun-17	11,86,518	1,86,518
135	10,00,000	-	1,350	Jun-17	11,89,472	1,89,472
43	10,00,000	-	430	Jun-17	11,87,498	1,87,498
170	10,00,000	-	1,700	Jun-17	13,11,675	3,11,675
267	10,00,000	-	2,670	Jun-17	13,14,349	3,14,349
75	10,00,000	-	750	May-17	11,88,908	1,88,908
70	10,00,000	-	700	May-17	11,87,780	1,87,780
120	10,00,000	-	1,200	May-17	11,90,320	1,90,320
200	10,00,000	-	2,000	May-17	11,90,740	1,90,740
150	10,00,000	-	1,500	May-17	11,92,760	1,92,760
100	10,00,000	-	1,000	Apr-17	11,86,652	1,86,652
20	10,00,000	-	200	Apr-17	11,85,196	1,85,196
135	10,00,000	-	1,350	Apr-17	11,88,908	1,88,908
570	10,00,000	-	5,700	Apr-17	11,88,907	1,88,907
140	10,00,000	-	1,400	Apr-17	11,88,344	1,88,344
42	10,00,000	-	420	Apr-17	11,90,320	1,90,320
100	10,00,000	-	-	Jan-17	11,55,522	1,55,522
		79,500	**85,920**			

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

No. of Debentures	Face Value ₹	Balance as at 31.03.2018 ₹ in lakhs	Balance as at 31.03.2017 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
500	10,00,000	-	5,000	Mar-19	Feb-18	8.90
2500	10,00,000	-	25,000	Sep-19	Sep-18	8.20
		-	**30,000**			

(iv) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2018 ₹ in lakhs	Balance as at 31.03.2017 ₹ in lakhs	Due date of redemption	Call option date	Rate of interest %
3,250	10,00,000	32,500	-	Aug-19	Aug-18	7.85
		32,500	**-**			

₹ in lakhs

	Non - Current 31.03.2018	Non - Current 31.03.2017	Current 31.03.2018	Current 31.03.2017	Total 31.03.2018	Total 31.03.2017
Redeemable at par - No put call option	6,23,700	6,31,300	4,25,300	2,82,700	10,49,000	9,14,000
Redeemable at premium - No put call option	62,000	47,100	17,500	38,820	79,500	85,920
Redeemable at par - with put option	-	-	-	30,000	-	30,000
Redeemable at par - with call option	32,500	-	-	-	32,500	-
	7,18,200	**6,78,400**	**4,42,800**	**3,51,520**	**11,61,000**	**10,29,920**

(v) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2018 ₹ in lakhs	Balance as at 31.03.2017 ₹ in lakhs	Due date of redemption	Rate of interest %
3150	10,00,000	31,500	-	Mar-28	9.05
1500	10,00,000	15,000	-	Aug-27	8.53
2500	10,00,000	25,000	-	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

(v) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option (Contd.)

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs		
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	7,000	7,000	Jun-19	11.40
1,500	10,00,000	15,000	15,000	May-19	11.70 to 11.75
100	10,00,000	1,000	1,000	Nov-18	10.55
250	10,00,000	2,500	2,500	Sep-18	11.25
895	10,00,000	8,950	8,950	Aug-18	12.25
620	10,00,000	6,200	6,200	Jun-18	10.55 to 12.25
750	10,00,000	-	7,500	Nov-17	12.75
150	10,00,000	-	-	Mar-17	11.25
350	10,00,000	-	-	Feb-17	11.15
		2,35,800	**1,71,800**		

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs			
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Redeemable at par - No put call option	2,17,150	1,64,300	18,650	7,500	2,35,800	1,71,800
Redeemable at premium - No put call option	1,500	1,500	-	-	1,500	1,500
	2,18,650	1,65,800	18,650	7,500	2,37,300	1,73,300

(vii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs		
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,10,070	**1,10,070**		

(viii) Details of term loans

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Base Rate / MCLR	< 1year	1	-	-	22,867	82,500
		3	-	-	-	10,000
		4	-	-	8,000	-
	1 - 2 years	1	56,000	20,000	-	-
		2	5,000	4,567	5,000	4,567
		4	20,000	30,000	-	-
		5	14,000	-	16,000	-
		8	-	8,000	-	8,000
	2 - 3 years	1	60,000	83,500	-	-
		3	-	10,000	-	5,000
		4	70,000	20,000	-	-
		5	-	20,000	-	-
		9	-	10,000	-	8,000
	3 - 4 years	6	20,000	-	-	-
	4 - 5 years	6	1,00,000	-	-	-
		16	25,000	-	-	-

(viii) Details of term loans (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	-	-	85,000	21,500
		2	-	-	18,000	14,000
	1 - 2 years	1	-	80,000	-	-
		3	-	5,000	-	10,000
		4	-	18,000	-	18,000
	2 - 3 years	1	3,00,000	-	-	-
		4	15,000	-	-	-
Rate based on T Bill + Spread	1 - 2 years	1	10,000	-	-	-
	2 - 3 years	1	20,000	-	-	-
		3	3,000	-	1,500	-
	4 - 5 years	3	28,200	-	-	-
		4	10,000	-	-	-
Fixed Rate	< 1year	1	-	-	30,000	20,000
	1 - 2 years	1	23,439	30,000	-	-
	2 - 3 years	1	-	23,323	-	-
	4 - 5 years	1	63,000	-	12,000	-
Total			**8,42,639**	**3,62,390**	**1,98,367**	**2,01,567**
USD Overnight LIBOR + Spread	1-2 years	1	-	-	-	12,969
USD 3M LIBOR + Spread	< 1year	1	-	-	28,879	-
		4	-	-	30,065	-
	1-2 years	1	27,559	28,735	-	-
	2-3 years	5	20,304	-	-	-
USD 6M LIBOR + Spread	< 1year	1	-	-	48,714	-
	1-2 years	1	1,17,177	48,471	-	-
	2-3 years	1	-	1,16,592	-	-
Total			**1,65,040**	**1,93,798**	**1,07,658**	**12,969**

5.4 The Company has not defaulted in the repayment of dues to its lenders.

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 6 OTHER LONG - TERM LIABILITIES		
Interest accrued but not due on borrowings	8,281.81	9,226.33
Financial liabilities on derivative transactions	4,288.47	10,102.59
Deferred Rent	401.56	290.04
	12,971.84	**19,618.96**

₹ in lakhs

Particulars	Long-Term As at 31.03.2018	Long-Term As at 31.03.2017	Short-Term As at 31.03.2018	Short-Term As at 31.03.2017
NOTE : 7 PROVISIONS				
Provision for Employee Benefits				
- Compensated Absences (Refer Note 29 B)	-	-	2,517.90	1,481.27
	-	-	2,517.90	1,481.27
Other Provisions				
Provision for Standard Assets (Refer Note 33)	9,991.88	7,461.44	4,520.66	3,422.52
Provision for Non-performing Assets (Refer Note 2 & 33)	55,566.00	51,159.23	-	-
Provision for Contingencies (Refer Note 33)	-	-	3,045.41	2,947.54
Provision for Contingent Service Tax claims (Refer Note 33)	-	-	792.37	792.37
	65,557.88	58,620.67	8,358.44	7,162.43
	65,557.88	**58,620.67**	**10,876.34**	**8,643.70**

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 8 OTHER CURRENT LIABILITIES		
Interest accrued but not due on borrowings / other deposits	77,230.30	67,526.57
Income received in advance	118.47	157.93
Unpaid Dividend (Refer Note 8.1)	54.55	46.35
Fixed deposits including interest accrued thereon - Matured and unclaimed	-	0.15
Advances from customers	1,170.11	2,162.53
Security Deposits received	212.31	345.26
Remittances payable - Derecognised assets (Refer Note 16.1)	33,794.06	33,167.32
Statutory dues	1,423.25	388.51
Financial liabilities on derivative transactions	2,767.30	-
Other liabilities*	2,969.46	1,887.27
	1,19,739.81	**1,05,681.89**
* includes		
Dues to subsidiaries		
Cholamandalam Securities Limited	0.75	-
White Data Systems India Private Limited	-	0.50
Gratuity Payable (Refer Note 29 A)	-	1,077.61

8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF).

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

NOTE 9 : FIXED ASSETS

As at March 31, 2018

₹ in lakhs

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at 31.03.2017	Additions	Deletions	Cost as at 31.03.2018	As at 31.03.2017	Provided for the year	Withdrawn during the year	As at 31.03.2018	31.03.2018	31.03.2017
Equipment										
Tangible Asset (Owned)										
Freehold Land	3,956.19	-	-	3,956.19	-	-	-	-	3,956.19	3,956.19
Buildings (Refer Note below)	3,471.22	-	-	3,471.22	895.72	48.06	-	943.78	2,527.44	2,575.50
Plant and Machinery	6,276.98	1,923.36	227.24	7,973.10	4,323.07	1,457.42	222.53	5,557.96	2,415.14	1,953.91
Office Equipment	2,560.12	785.73	24.59	3,321.26	1,717.79	476.92	16.75	2,177.96	1,143.30	842.33
Furniture and Fixtures	2,499.33	804.60	16.59	3,287.34	1,922.27	659.85	16.00	2,566.12	721.22	577.06
Leasehold Improvements	3,586.98	1,809.92	30.73	5,366.17	2,457.23	726.64	30.73	3,153.14	2,213.03	1,129.75
Vehicles	1,182.73	633.72	346.93	1,469.52	408.84	262.67	231.31	440.20	1,029.32	773.89
Total	**23,533.55**	**5,957.33**	**646.08**	**28,844.80**	**11,724.92**	**3,631.56**	**517.32**	**14,839.16**	**14,005.64**	**11,808.63**
Intangible Asset (Acquired)										
- Computer Software	6,105.18	1,211.22	-	7,316.40	3,909.75	1,336.30	0.01	5,246.04	2,070.36	2,195.43
Total	**6,105.18**	**1,211.22**	**-**	**7,316.40**	**3,909.75**	**1,336.30**	**0.01**	**5,246.04**	**2,070.36**	**2,195.43**

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

NOTE 9 : FIXED ASSETS (Contd.)

As at March 31, 2017

₹ in lakhs

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at 31.03.2016	Additions	Deletions	Cost as at 31.03.2017	As at 31.03.2016	Provided for the year	Withdrawn during the year	As at 31.03.2017	31.03.2017	31.03.2016
Property Plant and Equipment										
Tangible Asset (Owned)										
Freehold Land	3,956.19	-	-	3,956.19	-	-	-	-	3,956.19	3,956.19
Buildings (Refer Note below)	3,471.22	-	-	3,471.22	847.66	48.06	-	895.72	2,575.50	2,616.24
Plant and Machinery	5,078.28	1,274.35	75.65	6,276.98	3,176.90	1,221.55	75.38	4,323.07	1,953.91	1,901.38
Office Equipment	1,855.97	722.40	18.25	2,560.12	1,356.48	373.69	12.38	1,717.79	842.33	499.49
Furniture and Fixtures	1,895.07	608.07	3.81	2,499.33	1,438.15	487.85	3.73	1,922.27	577.06	456.92
Leasehold Improvements	2,470.18	1,117.53	0.73	3,586.98	1,928.32	529.60	0.69	2,457.23	1,129.75	541.85
Vehicles	877.90	464.51	159.68	1,182.73	320.09	197.80	109.05	408.84	773.89	557.82
Total	**19,604.81**	**4,186.86**	**258.12**	**23,533.55**	**9,067.60**	**2,858.55**	**201.23**	**11,724.92**	**11,808.63**	**10,529.89**
Intangible Asset (Acquired)										
- Computer Software	3,548.00	2,557.18	-	6,105.18	2,957.05	952.70	-	3,909.75	2,195.43	590.95
Total	**3,548.00**	**2,557.18**	**-**	**6,105.18**	**2,957.05**	**952.70**	**-**	**3,909.75**	**2,195.43**	**590.95**

Note:

Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.

₹ in lakhs

Particulars		As at 31.03.2018	As at 31.03.2017
NOTE : 10 NON-CURRENT INVESTMENTS (valued at cost unless stated otherwise)			
Investment property (at cost less accumulated depreciation)			
Cost of Land and Building		11.46	11.46
Less: Accumulated Depreciation		(7.50)	(7.41)
	Net block (a)	**3.96**	**4.05**
Trade Investments - Unquoted			
Investment in Equity shares of subsidiaries			
Cholamandalam Distribution Services Limited 42,400,000 Equity shares of ₹ 10 each fully paid up		4,240.00	4,240.00
Cholamandalam Securities Limited 22,500,014 Equity shares of ₹ 10 each fully paid up		2,250.00	2,250.00
White Data System India Private Limited 1,275,917 Equity shares of ₹ 10 each fully paid up acquired on March 16, 2016		800.00	800.00
		7,290.00	7,290.00
Less: Provision for other than temporary dimunition in the value of investment		-	(453.00)
	Total (b)	**7,290.00**	**6,837.00**
Non Trade Investments - Unquoted			
Investment in Equity shares -			
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up		129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up		0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up		0.25	0.25
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up		1.91	1.91
Investment in other shares -			
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only		0	0
Less: Provision for other than temporary dimunition in the value of investment		(129.04)	-
	Total (c)	**2.26**	**131.30**
Investment in Pass Through Certificates - **Unquoted**			
PLATINUM TRUST AUG 2016		192.86	390.81
PLATINUM TRUST AUG 2016 TRANCHE II		709.05	1,023.72
PLATINUM TRUST SEP 2016		294.95	849.33
PLATINUM TRUST SEP 2016 TRANCHE II		753.66	1,084.95
PLATINUM TRUST NOV 2016		820.52	1,103.76
PLATINUM TRUST DEC 2016		523.28	688.22
PLATINUM TRUST DEC 2016 TRANCHE II		284.20	665.78
PLATINUM TRUST JAN 2017		425.45	916.91
PLATINUM TRUST FEB 2017		1,101.08	1,918.97
PLATINUM TRUST FEB2017 TRANCHE -II		1,047.77	1,445.39
PLATINUM TRUST FEB 2017 TRANCHE -III		621.40	1,231.92
PLATINUM TRUST MAR 2017		871.76	1,160.29
PLATINUM TRUST MAR 2017 TRANCHE-II		983.97	1,550.38
PLATINUM TRUST MAR 2017 TRANCHE-III		964.40	1,597.03

₹ in lakhs

Particulars		As at 31.03.2018	As at 31.03.2017
PLATINUM TRUST MAR 2017 TRANCHE -IV		785.61	1,258.78
PLATINUM TRUST JUN 2017		1,145.88	-
PLATINUM TRUST JUN 2017 TRANCHE - II		1,413.77	-
PLATINUM TRUST JUN 2017 TRANCHE - III		1,740.63	-
PLATINUM TRUST NOV 2017		1,553.57	-
PLATINUM TRUST DEC 2017		3,281.11	-
PLATINUM TRUST DEC 2017 TRANCHE - II		1,910.86	-
PLATINUM TRUST FEB2018		1,605.38	-
PLATINUM TRUST FEB2018 TRANCHE II		1,571.27	-
		24,602.43	16,886.24
Amount disclosed under Current Investments		(8,071.98)	(4,610.21)
	Total (d)	**16,530.45**	**12,276.03**
		16,532.71	**12,407.33**
	Total Non-current Investments (a + b + c + d)	**23,826.67**	**19,248.38**
Aggregate Value of Quoted Investments - At Cost		-	-
- At Market Value		-	-
Aggregate Value of Unquoted Investments - At Cost		23,822.71	19,697.33
Aggregate provision for diminution in the value of investments		129.04	453.00
Value of Investment property		3.96	4.05

All Investments represented above are made in India

₹ in lakhs

Particulars		As at 31.03.2018	As at 31.03.2017
NOTE 11 DEFERRED TAX ASSETS (Net)			
Deferred Tax Assets			
Provision for Standard Assets		5,071.26	3,766.72
Provision for Non-Performing Assets		15,696.37	15,544.53
Provision for Repossessed Automobile assets		1,011.08	1,141.31
Provision for Contingent Service Tax		276.89	274.22
Interest Income Derecognised on Non- Performing Assets		7,467.39	7,273.98
Unrealised Excess Interest Spread on Assignment/Securitisation		2,488.81	2,246.12
Provision for Contingencies		1,064.19	1,020.08
Provision for Compensated Absences and Gratuity		879.85	885.58
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.		744.33	471.49
Others		275.71	234.47
	(A)	**34,975.88**	**32,858.50**
Deferred Tax Liability			
Unamortised Prepaid Finance Charges		1,020.35	1,342.86
	(B)	**1,020.35**	**1,342.86**
Net Deferred Tax Assets (A) - (B)		**33,955.53**	**31,515.64**
Deferred Tax benefit in the Statement of Profit and Loss		**2,439.89**	**3,366.30**

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
Secured (Refer Note 12.1)				
Automobile Financing (Refer Note 12.1)	16,80,737.62	12,00,399.33	9,31,896.35	7,12,764.44
Loans against Immovable Properties	7,80,906.39	6,94,032.97	50,803.45	46,469.72
Construction Equipment Financing	88,236.94	41,850.12	47,597.07	23,365.86
Loans against Securities	1,584.78	1,328.87	326.94	297.27
Other Loans	428.14	643.17	214.71	191.85
Amount Retained on Assigned Assets	6,576.95	10,330.18	877.62	1,108.75
Instalments and Other Dues from Borrowers	36,270.69	42,987.50	42,955.88	35,591.11
Total (a)	**25,94,741.51**	**19,91,572.14**	**10,74,672.02**	**8,19,789.00**
Unsecured				
Loans to Automobile Dealers	510.07	547.83	25,676.41	9,746.04
Bills Discounted	2,343.13	1,322.96	11,165.98	13,394.03
Other Loans (Refer Note 12.5)	1,352.02	100.92	9,635.17	4,835.00
Instalments and Other Dues from Borrowers	-	-	18.91	140.14
Total (b)	**4,205.22**	**1,971.71**	**46,496.47**	**28,115.21**
Total receivables under financing activity (a + b)	**25,98,946.73**	**19,93,543.85**	**11,21,168.49**	**8,47,904.21**
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and/ or corporate guarantees or personal guarantees and/ or undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Secured receivables from Borrowers include amounts outstanding for more than 6 months from the due date.	30,171.74	29,725.34		
12.4 Unsecured receivables and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	4,028.98	1,247.99		
Of the above:				
Considered Good	24,77,969.63	18,39,041.85	11,21,168.49	8,47,904.21
Others - Non - Performing Assets	1,20,977.10	1,54,502.00	-	-
	25,98,946.73	19,93,543.85	11,21,168.49	8,47,904.21
12.5 Includes receivables of ₹ 933.17 (₹ 275.24 - March 31, 2017) from Subsidiary - White Data System India Private Limited				

₹ in lakhs

Particulars	Long-Term As at 31.03.2018	Long-Term As at 31.03.2017	Short-Term As at 31.03.2018	Short-Term As at 31.03.2017
NOTE :13 LOANS AND ADVANCES				
Unsecured - considered good (unless otherwise stated)				
Capital Advances	484.61	535.57	-	-
Security Deposits	1,764.46	757.19	64.53	831.57
Inter- corporate Deposit placed with subsidiary (Refer Note 31)(c)	-	-	-	1,000.00
Prepaid expenses**	22.28	43.90	1,114.80	741.32
Service tax input credit	-	-	-	300.21
Advance tax (net of provision for tax)	15,960.55	10,386.68	-	-
Other advances *	-	-	1,793.81	2,237.16
	18,231.90	**11,723.34**	**2,973.14**	**5,110.26**
* includes				
Dues from Subsidiaries:-				
Cholamandalam Securities Limited	-	-	-	0.64
Cholamandalam Distribution Services Limited	-	-	-	0.31
White Data Systems India Private Limited	-	-	11.19	-
Disputed Sales tax / Value Added tax paid under protest	-	-	1,338.35	1,418.28
** Includes Gratuity Asset (Refer Note 29 A)	-	-	325.74	-

₹ in lakhs

Particulars	Non - Current As at 31.03.2018	Non - Current As at 31.03.2017	Current As at 31.03.2018	Current As at 31.03.2017
NOTE : 14 OTHER ASSETS				
Unsecured - considered good (unless otherwise stated)				
Deposits with Banks as collateral towards assets derecognised	48,600.76	48,155.44	-	-
Deposits with Banks - Free of Lien (Refer Note 16.2)	715.61	1,634.40	-	-
Prepaid Finance Charges	3,088.88	3,207.66	1,422.80	1,307.38
Repossessed Automobile assets*	-	-	1,746.30	2,202.35
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	22,715.44	20,857.70
- on Deposits and Investments	-	-	284.94	219.14
Financial assets on derivative transactions	-	-	-	-
Other Accruals and receivables**	-	-	9,381.66	7,172.28
	52,405.25	**52,997.50**	**35,551.14**	**31,758.85**
* Net of provision	-	-	2,969.83	3,334.34

** includes - ₹ 3,809.93 lakhs (March 31, 2017 - ₹ 4,426.43 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognised assets referred in Note 8.

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value,unless stated otherwise)		
Current Portion of Long-term Investment in Pass Through	8,071.98	4,610.21
Certificates - **Unquoted**	**8,071.98**	**4,610.21**

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 16 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand	2,525.04	3,596.98
Cheques, drafts on hand	1,721.09	2,740.12
Balances with banks		
- In Current Accounts (Refer Note 16.1)	21,132.99	21,067.20
- In Deposit Accounts - Original maturity 3 months or less	-	-
Other bank balances	**25,379.12**	**27,404.30**
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 14 & 16.2)	2,761.81	537.89
- In earmarked accounts		
- In Unpaid Dividend Accounts	54.55	46.35
- Deposits with Banks as collateral towards assets derecognised	59,648.23	67,222.61
- Amount disclosed under Non-current bank balances (Refer Note 14)	**(48,600.76)**	**(48,155.44)**
	11,047.47	19,067.17
- Public deposit Escrow Account	-	0.29
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	7.56	7.56
	39,250.51	**47,063.56**

Of the above, the balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 (Cash Flow Statements) is ₹ 25,379.12 lakhs (March 31, 2017 - ₹ 27,404.30 lakhs).

16.1 Balances with Banks on Current Account include amounts collected in respect of assets de-recognised on account of Assignment/ Securitisation of Receivables pending remittance to the assignees. Refer Note 8.

16.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 3,365.05 lakhs (March 31, 2017 - ₹ 2,027.49 lakhs) which have an original maturity of more than 12 months.

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 17 REVENUE FROM OPERATIONS		
Income from Operations		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	3,39,977.42	2,94,881.20
- Loans against Immovable Properties	91,454.63	95,187.08
- Construction Equipment Financing	11,060.63	5,865.58
- Loans against Securities	296.43	324.32
- Loans to Automobile dealers	424.61	1,120.07
- Bills Discounting	1,540.22	1,643.56
- Other Loans	1,728.48	1,022.83
- Interest spread on assignment/securitisation	31,084.32	20,233.31
ii) Other Operating Revenue		
- Automobile Financing	43,555.44	30,934.40
- Loans against Immovable Properties	7,735.66	6,321.05
- Construction Equipment Financing	612.21	367.37
- Other Loans	250.70	298.32

₹ in lakhs

Particulars		Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 17 REVENUE FROM OPERATIONS (Contd.)			
(b) Interest Income			
- Deposits placed as collateral towards assets derecognised		4,950.46	4,939.85
- Other Deposits		14.13	98.60
- Long Term Investment - Pass Through Certificates		1,388.61	173.25
	Total (A)	**5,36,073.95**	**4,63,410.79**
Other Operating Income			
(c) Profit on sale of current investments		991.45	1,281.90
(d) Servicing and Collection fee on Securitisation / Assignment		1,384.87	1,191.42
(e) Advertising Income		3,948.13	-
(f) Others		134.52	71.18
	Total (B)	**6,458.97**	**2,544.50**
	Total (A+B)	**5,42,532.92**	**4,65,955.29**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 18 OTHER INCOME		
Dividend Income from long-term investments	0.25	-
Other Non-operating Income		
Rent	28.47	18.24
Miscellaneous Income	14.88	61.21
	43.60	**79.45**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 19 FINANCE COSTS		
Interest Expense		
- Debentures	1,34,152.08	1,03,051.55
- Bank Loans	71,065.68	91,160.13
- Inter - corporate Deposits	283.42	265.39
- Commercial Papers	21,514.69	24,937.03
Others		
- Amortisation of ancillary borrowing costs	2,341.14	2,678.05
- Bank charges	1,427.83	987.82
	2,30,784.84	**2,23,079.97**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 20 EMPLOYEE BENEFIT EXPENSES		
Salaries, Bonus and Commission (Refer Note 29 B)	47,786.41	35,597.68
Contribution to Provident and Other Funds		
- Employees' Provident Fund	1,826.58	1,413.50
- Superannuation Fund	199.25	179.24
Gratuity Expense (Refer Note 29 A)	567.20	1,320.58
Staff Welfare Expenses	2,386.71	1,753.41
	52,766.15	**40,264.41**

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

₹ in lakhs

Particulars		Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 21 OTHER EXPENSES			
Rent (Refer Note 21.1 & 21.2)		4,808.39	3,688.98
Electricity Charges		1,108.56	908.27
Rates and Taxes (Refer Note 21.3)		2,417.02	6,822.38
Communication Costs		2,278.64	2,039.55
Travelling and Conveyance		6,242.36	4,187.78
Advertisement Expenses		862.85	766.73
Insurance		895.87	626.30
Repairs and Maintenance			
- Buildings		3.60	13.71
- Others		204.03	206.44
Printing and Stationery		1,117.78	943.26
Information Technology Expenses		2,955.17	2,356.10
Auditors' Remuneration (Refer Note 26)		104.74	87.14
Professional Charges		3,601.38	2,456.28
Loss on Sale of Fixed Assets (Net)		11.49	0.91
Commission to Directors		27.82	52.50
Sitting Fees to Directors		20.29	26.05
Recovery Charges		16,730.45	12,534.11
Corporate Social Responsibility Expenditure (Refer Note 21.4)		1,756.60	1,384.41
Miscellaneous Expenses		220.44	443.74
		45,367.48	39,544.64
Less : Expenses Recovered		(235.82)	(128.55)
		45,131.66	**39,416.09**
21.1	Lease equalisation charge included in Rent	267.62	89.87
21.2	Cancellable operating lease entered for office space	4,808.39	3,688.98
21.3	Rates and Taxes include -		
	Service tax	1,068.99	2,882.01
	Value added tax	191.15	3,144.99
21.4	Amount qualifying as CSR exepnse u/s 135 (5) of Companies Act , 2013	1,756.60	1,384.41

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 22 PROVISIONS AND LOAN LOSSES		
Loss Assets Written Off (Net)	9,688.12	5,853.88
Loss on Repossessed Assets (Net)	17,109.59	20,263.75
Provision for Non - Performing Assets (Refer Note 2 & 33)	29,669.65	28,465.92
Provision Released for Non- Performing Assets on recovery/write off (Refer Note 33)	(25,262.88)	(19,708.93)
	31,204.48	34,874.62
Provision/(Reversal) for Standard Assets (Net) (Refer Note 33)	3,628.58	(3,311.28)
Reversal of provision for dimunition in value of investment	(323.96)	(500.00)
	34,509.10	**31,063.34**

NOTE : 23 a) Share application money pending allotment as at March 31, 2017 represents amount received towards 10,261 Equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 23 b) EARNINGS PER SHARE		
Profit After Tax (₹ lakhs)	**97,412.13**	**71,873.54**
Preference Dividend Paid (including tax thereon) (₹ lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ lakhs)	**97,412.13**	**71,873.54**
Weighted Average Number of Equity Shares (Basic)	15,62,99,308	15,62,24,388
Add: Dilutive effect relating to ESOP/CCPS	1,54,853	64,382
Weighted Average Number of Equity Shares (Diluted)	15,64,54,161	15,62,88,770
Earnings per Share - Basic (₹)	**62.32**	**46.01**
Earnings per Share - Diluted (₹)	**62.26**	**45.99**
Face Value Per Share (₹)	10	10

Note:

Earnings per Share calculations are done in accordance with Accounting Standard 20 (AS 20) "Earnings per Share".

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 24 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	31	30
Outstanding securitised Assets in books of SPV	5,82,310.57	5,48,230.24
Less: Collections not yet due to be remitted to SPV*	25,988.32	24,846.33
Outstanding securitised Assets as per books	5,56,322.25	5,23,383.91
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	35,578.97	28,553.77
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	59,648.23	67,222.61
• Others		
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	24,602.43	16,886.24
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	10,22,845.54	8,78,067.48

* Excludes interest collected from customers on securitised assets.

b) On Bilateral assignment

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Number of Assignment Transactions	3	3
Outstanding Assigned Assets in books of Assignee	69,045.00	1,06,326.68
Less: Collections not yet due to be remitted to Assignee#	1,953.83	3,376.32
Outstanding Assigned Assets as per books	67,091.16	1,02,950.36
Total amount of exposure		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	-	-

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 24 ASSETS DE-RECOGNISED (Contd.)		
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral		
• Others	7,454.57	11,438.93
Book value of Assets sold	1,85,429.64	1,85,429.64

Excludes interest collected from customers on assigned assets

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE: 25 DETAILS OF OUTSTANDING DERIVATIVES		
(i) Outstanding Derivatives: (Notional principal amount) For hedging (Currency & Interest rate derivatives)	3,01,500.00	2,37,400.00
(ii) Marked to Market positions – Asset / (Liability)	(7,055.77)	(10,102.59)
(iii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

Cross Currency Interest rate swaps - Hedge against exposure to variable interest outflow on foreign currency loans.

Qualitative Disclosure: The Company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises Forward Rate Agreements, Interest Rate Swaps, Coupon Only Swaps, Currency and Interest Rate Swap and Forward Exchange contracts. The Company undertakes such transactions for hedging borrowings. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

₹ in lakhs

Particulars	Year ended 31.03.2018		Year ended 31.03.2017
	Current auditor	Previous auditor	
NOTE: 26 AUDITORS' REMUNERATION			
Statutory Audit	39.00	-	39.00
Interim Audit & Limited Review	13.50	4.50	18.00
Tax Audit	-	4.00	4.00
Other Services	30.00*	8.80	24.80
Reimbursement of Expenses (incl. input tax credit expensed)	4.03	0.91	1.34
Total	**86.53**	**18.21**	**87.14**

*Represents professional charges in connection with establishment of Medium Term Note programme in Singapore Stock Exchange - SGX

NOTE: 27 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 2018. The relevant particulars are furnished below:

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
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	-	-

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

NOTE: 27. MICRO, SMALL & MEDIUM ENTERPRISES (Contd.)

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
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	-	-

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE: 28 a) EXPENDITURE IN FOREIGN CURRENCIES		
Travel	22.90	10.95
Interest and processing charges for subordinated debt	3.25	3.45
Membership fees	2.21	2.21
Rating fees	56.02	117.42
Others	67.36	4.03
Professional charges	49.57	23.43
b) REMITTANCES IN FOREIGN CURRENCIES		
Purchase of fixed assets	1,029.51	582.70
c) DIVIDEND PAID IN FOREIGN CURRENCY		
Equity Dividend		
• Amount remitted	-	245.70
• Total No.of Non-resident shareholders	-	1
• Total No.of Shares held by them to which dividend relates	-	12,285,012

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE: 29 a) GRATUITY		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the beginning of the year	**2,510.74**	**1,269.94**
Current Service Cost	567.50	344.29
Interest Cost	173.11	101.52
Actuarial (Losses)/Gains	(23.62)	977.39
Benefits Paid	(212.36)	(182.39)
Projected Benefit Obligation at the end of the year	**3,062.63**	**2,510.74**
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	1,433.15	1,098.35
Expected Returns on Plan Assets	107.40	87.81
Employer's Contribution	1,980.53	414.57
Benefits Paid	(212.36)	(182.39)
Actuarial Gains / (Losses)	89.64	14.81
Fair Value of Plan Assets at the end of the year	**3,398.37**	**1,433.15**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	3,398.37	1,433.15
Liability at the End of the Year	3,062.63	2,510.74
Amount Recognised in the Balance Sheet under Note 13 - Other Advances (Note 8-Other liabilities - March 31, 2017)	**325.74**	**(1,077.60)**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE: 29 a) GRATUITY (Contd.)		
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	567.50	344.29
Interest on Obligation	173.11	101.52
Expected Return on Plan Assets	107.40	(87.81)
Net Actuarial (Gain)/Losses recognised in the Year	(66.02)	962.58
Net cost recognised in the Statement of Profit and Loss	**567.19**	**1,320.58**
Assumptions		
Discount Rate	7.60% p.a.	6.90% 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 (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Other Disclosures:

₹ in lakhs

Benefit	2017-18	2016-17	2015-16	2014-15	2013-14
Projected Benefit Obligation	3,062.63	2,510.74	1,269.94	1,020.17	806.93
Fair Value of Plan Assets	3,398.37	1,433.15	1,098.35	818.56	793.05
Surplus/(Deficit)	**325.74**	**(1,077.60)**	**(171.59)**	**(201.61)**	**(13.88)**

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarial Loss on Obligations	23.62	977.39	291.65	211.39	148.11
Actuarial (Gain)/Loss on Plan Assets	(89.64)	(14.81)	(2.35)	12.33	(5.43)

Notes:

1. The entire plan assets are managed by LIC and the data on plan assets as on March 31, 2018 have not been furnished.
2. The details of Experience adjustments have been disclosed to the extent of information available.
3. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
4. Estimated amount of contribution to the funds during the year ended March 31, 2018 as estimated by the Management is ₹ 230.69 lakhs (March 31, 2017 ₹ 1,923 lakhs)
5. 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.

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE: 29 b) COMPENSATED ABSENCES		
Details of Actuarial Valuation		
Projected Benefit Obligation at the beginning of the year		
Balance as at the beginning of the year	**1,481.27**	**1,192.09**
Compensated absences reassessed on actuarial basis at the beginning of the year	-	-
Current Service Cost	1,092.65	252.15
Interest Cost	102.13	95.31
Actuarial Losses	50.11	95.72
Benefits Paid	(208.26)	(154.00)
Projected Benefit Obligation at the end of the year – Refer Note 7 – Other Provisions	**2,517.90**	**1,481.27**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	1,092.65	252.15
Past Service Cost reversed	-	-
Interest on Obligation	102.13	95.31
Net Actuarial Losses recognised in the year	50.11	95.72
Net cost recognised in the Statement of Profit and Loss - under Salaries, Bonus & Commission in Note 20	**1,244.89**	**443.18**
Assumptions		
Discount Rate	7.60% p.a.	6.90% 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 (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Other Disclosures:

₹ in lakhs

Experience Adjustments (Refer Note 4 below)	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarial Loss/(Gain) on Obligations	50.11	95.72	66.96	18.43	140.89

Notes:

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2018.
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.
4. The details of Experience adjustments have been disclosed to the extent of information available.

NOTE: 30 SEGMENT REPORTING

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. As such there are no separate reportable segments as per AS-17 "Segmental Reporting".

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

NOTE: 31 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Entity having significant influence over the Company :** TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)
- **Subsidiaries:** Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited, White Data Systems India Private Limited
- **Key Managerial Personnel:** Mr. Vellayan Subbiah, Managing Director (upto August 18, 2017) and Mr. N Srinivasan, Executive Vice Chairman and Managing Director (from August 19, 2017) ;
  Mr. Arun Alagappan, Executive Director (From August 19, 2017)

Additional related parties as per Companies Act, 2013:

- Mr. D. Arulselvan, Chief Financial Officer
- Ms. P. Sujatha, Company Secretary

Note:

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

₹ in lakhs

Nature of Transaction		Year ended 31.03.2018	Year ended 31.03.2017
a)	**TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)**		
	Dividend Payments		
	- Equity shares	4,695.14	3,972.81
	Rent (including hiring) receipts	-	13.91
	Amount received towards reimbursement of expenses	44.92	-
	Net Amount Receivable/(Due) as at year end		
	Rental Deposit	-	(0.90)
	Others	-	2.62
b)	**Cholamandalam Securities Limited**		
	Interest Receipts	23.05	22.18
	Rent payments	-	-
	Rent (including hiring) receipts	55.38	49.77
	Payments for services availed	-	41.37
	Expenses - Reimbursed	9.81	10.07
	Amount received towards reimbursement of Expenses	61.63	61.32
	Advances/Deposits given	15,550.00	10,550.00
	Advances/Deposits recovered	16,550.00	9,550.00
	Net Amount Receivable/(Due) as at year end		
	Advances Receivable	-	1,000.00
	Others	(0.75)	0.64
c)	**Cholamandalam Distribution Services Limited**		
	Interest Payments	283.45	265.39
	Rent payments	-	4.36
	Rent (including hiring) receipts	14.59	13.91
	Expenses - Reimbursed	-	3.2
	Amount received towards reimbursement of Expenses	41.02	125.1

₹ in lakhs

Nature of Transaction	Year ended 31.03.2018	Year ended 31.03.2017
NOTE: 31. Related Party Disclosures (Contd.)		
Advances/Deposits availed	4,350.00	6,250.00
Advances/Deposits repaid	8,200.00	5,400.00
Net Amount Receivable/(Due) as at year end with interest payable		
Advances Payable	-	(3,850.03)
Others	-	0.31
d) White Data Systems India Private Limited		
Amount received towards Reimbursement of Expenses	0.93	0.82
Payments for services availed	60.75	0.31
Expenses - Reimbursed	-	0.78
Interest earned	92.38	6.65
Loan given	3,106.25	407.30
Loan recovered	2,461.34	135.50
Net Amount Receivable/(Due) as at year end		
Loan Receivable including interest receivable	933.17	275.24
Others	11.19	(0.50)
e) Key Managerial Personnel)		
Vellayan Subbiah – Managing Director (upto August 18, 2017)		
Remuneration	171.20	402.53
Dividend Payments	4.91	13.50
N Srinivasan - Managing Director (from August 19, 2017)		
Remuneration	338.45	Not Applicable
Dividend Payments	1.12	Not Applicable
Arun Alagappan – Executive Director (from August 19, 2017)		
Remuneration	197.30	Not Applicable
Dividend Payments	8.55	Not Applicable
D Arul Selvan– Chief Financial Officer		
Remuneration	123.12	105.57
Dividend Payments	0.45	0.88
Rental payments	0.20	2.40
P Sujatha - Company Secretary		
Remuneration	102.97	93.77
Dividend Payments	0.74	1.12
Rental Payments	0.2	2.40

NOTE: 32 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Second loss credit enhancement facility towards securitisation transactions

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Counter Guarantees provided to banks	35,578.97	28,553.77

NOTE: 32 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

(b) Contested Claims not provided for:

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Income tax and Interest on Tax issues where the Company has gone on appeal	15,576.82	30,849.56
Decided in the Company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	12.99	12.99
Sales Tax issues pending before Appellate Authorities in respect of which the Company is on appeal. (payment made under protest is respect of above is included under loans and advances - Note 13)	4,992.06	2,843.31
Service Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	13,702.01	13,693.46
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	8,041.86	6,273.80

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.

(c) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 402.09 lakhs (March 31, 2017 – ₹ 963.60 lakhs)

NOTE: 33 CHANGES IN PROVISIONS

Particulars	As at 31.03.2017	Additional Provision	Utilisation/ Reversal	As at 31.03.2018
Provision for Standard Assets (Refer Note 2)	10,883.96	3,628.58	-	14,512.54
Provision for Non-Performing Assets (Refer Note 2)	51,159.23	29,669.65	25,262.88	55,566.00
Provision for Contingent Service Tax claims	792.37	-	-	792.37
Provision for Contingencies	2,947.54	97.87	-	3,045.41

NOTE: 34 EMPLOYEE STOCK OPTION PLAN

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 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme 2007.

NOTE: 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

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 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.

ESOP 2007

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No.								**Vested**	**Yet to vest**
1	Original	30-07-07	193.40	30-07-08	765,900	1,30,168	6,35,732	-	-
	CAA *	25-01-08	178.70	-	54,433	10,096	44,337	-	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	29,162	133,638	-	-
4	Original	25-04-08	191.80	25-04-09	468,740	1,57,785	310,955	300	-
5	Original	30-07-08	105.00	30-07-09	10,070	8,579	1,491	-	-
6	Original	24-10-08	37.70	24-10-09	65,600	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	2,31,162	63,438	15,625	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	1,63,155	40,569	5,976	-
8	Original	30-04-11	162.55	30-04-12	113,400	67,203	46,197	14,357	-
9	Original	28-07-11	175.35	28-07-12	61,800	29,544	32,256	-	-
10	Original	27-10-11	154.55	27-10-12	195,680	1,45,192	50,488	8,036	-

* CAA- Corporate Action Adjustment

ESOP 2016

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No.								**Vested**	**Yet to vest**
1	Original	25-01-17	1,010.00	25-01-18	5,71,000	20,167	28,180	88,397	522,653
2	Original	30-01-18	1,309.70	30-01-18	55,920	-	-	-	55,920
3	Original	30-01-18	1,309.70	30-01-18	26,940	-	-	-	26,940

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent consultant.

NOTE: 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

ESOP 2007

	Variables					
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant (₹)**	**Fair Value of the Option (₹)**
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% - 43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% - 7.98%	3-6 years	41.24% - 43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% - 7.10%	3-6 years	44.58% - 47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2018 is ₹ Nil (March 31, 2017 - ₹ 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

NOTE: 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

ESOP 2016

Variables						
Date of Grant	**Risk Free Interest Rate**	**Expected Life**	**Expected Volatility**	**Dividend Yield**	**Price of the underlying Share in the Market at the time of the Option Grant (₹)**	**Fair Value of the Option (₹)**
25-01-17	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29
30-01-18	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	496.82
30-01-18	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	531.84

Had compensation cost for the stock options granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Net Profit attributable to Equity Shareholders (as reported) (₹ lakhs)	97,412.13	71,873.54
Add: Stock based employee compensation expense included in net profit(₹ lakhs)	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma) (₹ lakhs)	980.42	193.82
Net Profit (Proforma) (₹ lakhs)	96,431.61	71,679.72
Basic Earnings per Share of ₹ 10 each (as reported) (₹)	62.32	46.01
Basic Earnings per Share of ₹ 10 each (pro forma) (₹)	61.73	45.88
Diluted Earnings per Share of ₹ 10 each (as reported) (₹)	62.26	45.99
Diluted Earnings per Share of ₹ 10 each (pro forma) (₹)	61.67	45.86

NOTE: 35 SHARING OF COSTS

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed between them, which has been relied upon by the Auditors.

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007:

₹ in lakhs

SL No.	Particulars	Amount Outstanding	Amount Overdue
		As at 31.03.2018	
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	12,25,673.13	-
	- Unsecured (other than falling within the meaning of public deposits)	2,50,077.17	-
	- Perpetual Debt Instrument	1,15,147.01	-
(b)	Deferred Credits	-	-
(c)	Term Loans	13,23,660.59	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	2,30,103.94	
(f)	Other Loans	1,38,133.71	-
	(Represents Working Capital Demand Loans & Cash Credit from Banks along with Interest Accrued but Not Due on above)		

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2018

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

₹ in lakhs

SL No.	Particulars	Amount Outstanding	Amount Overdue
		As at 31.03.2017	
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	10,90,800.74	-
	- Unsecured (other than falling within the meaning of public deposits)	1,83,774.16	-
	- Perpetual Debt Instrument	1,15,129.40	-
(b)	Deferred Credits	-	-
(c)	Term Loans	7,81,164.86	-
(d)	Inter-Corporate Loans and Borrowings	3,850.00	-
(e)	Commercial Paper	2,56,732.02	-
(f)	Other Loans	66,314.06	-
	(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 31.03.2018	Amount Overdue As at 31.03.2017
(2)	**Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)**		
(a)	Secured	8,60,548.61	7,68,883.34
(b)	Unsecured	50,769.93	30,285.67
(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)	1,746.30	2,202.35
	(b) Loans other than (a) above	28,31,512.11	20,63,136.76
(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	-	-

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

₹ in lakhs

SL No.	Particulars	Amount Outstanding As at 31.03.2018	Amount Overdue As at 31.03.2017
(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)	7,292.26	6,968.31
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others		
	- Investment in Pass Through Certificates	24,602.43	16,886.24
	- Investment property	3.96	4.05

₹ 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, 2018			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	912.83	912.83
2.	Other than Related Parties	36,17,011.78	46,624.60	36,63,636.38
	Total	**36,17,011.78**	**47,537.43**	**36,64,549.21**
	As at March 31, 2017			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	275.23	275.23
2.	Other than Related Parties	27,60,538.40	29,475.20	27,90,013.60
	Total	**27,60,538.40**	**29,750.43**	**27,90,288.83**

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

₹ 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, 2018		
1. Related Parties *		
(a) Subsidiaries	7,290.00	7,290.00
(b) Companies in the Same Group		
(c) Other Related Parties		
2. Other than Related Parties	24,737.69	24,608.65
Total	**32,027.69**	**31,898.65**
As at March 31, 2017		
1. Related Parties *		
(a) Subsidiaries	7,290.00	6,837.00
(b) Companies in the Same Group	-	-
(c) Other Related Parties	-	-
2. Other than Related Parties	17,021.59	17,021.59
Total	**24,307.55**	**23,854.59**

₹ in lakhs

Other Information	Amount Outstanding as at 31.03.2018	Amount Outstanding as at 31.03.2017
(7)		
(i) Gross Non-Performing Assets		
a) With Related Parties *	-	-
b) With Others	1,20,977.10	1,54,502.39
(ii) Net Non-Performing Assets		
a) With Related Parties *	-	-
b) With Others	65,411.10	1,03,343.16
(iii) Assets Acquired in Satisfaction of Debt		
a) With Related Parties *	-	-
b) With Others	-	-

* Related Parties are as identified in Note 31 above.

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 31.03.2018	As at 31.03.2017
Tier I Capital	5,05,680.37	4,03,093.32
Tier II Capital	1,95,754.42	1,48,931.14
Total Capital	**7,01,434.79**	**5,52,024.46**
Total Risk Weighted Assets	38,19,963.68	29,61,406.53
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.24%	13.61%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	5.12%	5.03%
Total (%)	**18.36%**	**18.64%**
Amount of Subordinated Debt raised as Tier – II capital during the year	**71,500**	**27,500**
Amount raised by issue of Perpetual Debt instruments during the year	**-**	**-**

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

ii. Investments

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	32,035.19	24,319.00
(b) Outside India		
(ii) Provisions for Depreciation		
(a) In India	136.54	460.41
(b) Outside India		
(iii) Net Value of Investments		
(a) In India	31,898.65	23,858.59
(b) Outside India		
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	460.41	960.32
(ii) Add: Provisions made during the year	129.13	0.09
(iii) Less: Reversal of provision during the year	453.00	500.00
(iv) Closing balance	136.54	460.41

iii. Asset Liability Management

Maturity pattern of certain items of assets and liabilities –

As at March 31, 2018

₹ in lakhs

	Upto1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	1,38,133	9,000	71,395	1,04,397	1,21,233	8,65,380	1,42,299	-	14,51,837
Market Borrowings	7,100	1,64,754	86,562	1,08,338	3,24,800	6,96,650	2,08,186	1,42,000	17,38,390
Assets									
Advances (Net of Provision for Non Performing Assets)	94,605	77,893	73,505	3,17,417	5,57,748	1,501,101	5,00,117	5,42,163	36,64,549
Investment (Net of Provision for Diminution in Value of Investments)	1,001	665	669	1,987	3,750	9,146	2,098	12,583	31,899

As at March 31, 2017

₹ in lakhs

	Upto1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	65,615	13,000	17,833	125,000	59,403	556,187	-	-	837,038
Market Borrowings	30,051	80,981	82,488	71,999	3,54,084	7,02,550	1,43,420	1,08,300	15,73,872
Assets									
Advances (Net of Provision for Non Performing Assets)	57,314	55,224	57,805	2,29,266	4,47,847	10,90,362	3,88,261	4,64,210	27,90,289
Investment (Net of Provision for Diminution in Value of Investments)	382	387	394	1,194	2,316	6,616	1,557	11,012	23,858

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

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

₹ in lakhs

	Category	As at 31.03.2018	As at 31.03.2017
(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	79,729.19	51,628.24
	- individual housing loans more than ₹ 15 lakhs	6,93,351.54	6,42,997.36
	(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	76,040.60	65,144.73
	- 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	**8,49,121.31**	**7,59,770.33**

Note:

The above summary is prepared based on the information available with the Company.

v. Exposure to the Capital Market

₹ in lakhs

	Particulars	As at 31.03.2018	As at 31.03.2017
(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;	1,911.72	1,626.14
(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;	-	-

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
(vii) bridge loans to companies against expected equity flows/issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Pending Disbursements	2,096.57	3,230.79
Total Exposure	**4,008.29**	**4,856.93**

vi. **Other Regulator Registration**

S. No.	Regulator	Registration no.
1	Ministry of Company Affairs	CIN: L65993TN1978PLC007576
2	Reserve Bank of India	Certificate of Registration dt. 09/06/2011, No. 07-00306

vii. **Penalties levied by the above Regulators - Nil**

viii. **Ratings assigned by Credit Rating Agencies**

Particulars	31.03.2018	31.03.2017
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, CARE AA+, IND AA+	ICRA AA, CARE AA, BWR 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-

ix. **Concentration of Advances**

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Total Advances to twenty largest borrowers	27,242.22	24,420.96
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.73%	0.86%

x. **Concentration of Exposures**

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Total Exposure to twenty largest borrowers/customers	27,242.22	24,420.96
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	0.73%	0.86%

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

xi. Concentration of NPAs

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Total Exposure to top four NPA accounts	2,053.48	2,047.09

xii. Sector-wise NPAs as on March 31, 2018

₹ in lakhs

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector as on 31.03.2018	Percentage of NPAs to Total Advances in that sector as on 31.03.2017
1.	Agriculture & allied activities	17.35%	2.16%
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans	2.22%	4.51%
7.	Other loans	6.52%	8.36%

xiii. Movement of NPAs

₹ in lakhs

Particulars		As at 31.03.2018	As at 31.03.2017
(i)	Net NPAs to Net Advances(%)	1.78%	3.70%
(ii)	Movement of Gross NPA		
	(a) Opening balance	1,54,502.39	1,02,184.86
	(b) Additions during the year	56,585.16	1,02,059.88
	(c) Reductions during the year	90,110.45	(49,742.35)
	(d) Closing balance	1,20,977.10	1,54,502.39
(iii)	Movement of Net NPA		
	(a) Opening balance	1,03,343.16	59,782.62
	(b) Additions during the year	26,915.51	73,593.96
	(c) Reductions during the year	(64,847.57)	(30,033.42)
	(d) Closing balance	65,411.10	1,03,343.16
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	51,159.23	42,402.24
	(b) Provisions made during the year	29,669.65	28,465.92
	(c) Write-off / write-back of excess provisions	(25,262.88)	(19,708.93)
	(d) Closing balance	55,566.00	51,159.23

NOTE: 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DT. 22.02.2007: (Contd.)

xiv. Disclosure on Restructured Accounts

Type of Restructuring asset classification details		Standard Advances	Sub-standard Advances	Doubtful Advances	Loss Advances
Restructured loans as on April 1, 2017	Number of borrowers	325	270	59	-
	Amount Outstanding	1,094.22	1,356.47	382.77	-
	Provision thereon	-	216.52	342.82	-
Fresh Restructured during the year	Number of borrowers	181	143	-	-
	Amount Outstanding	820.07	1,168.53	-	-
	Provision thereon	35.89	152.59	-	-
Upgradations to restructured category	Number of borrowers	815	31	-	-
	Amount Outstanding	2,790.73	109.77	-	-
	Provision thereon	-	20.21	-	-
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	-	24	62	-
	Amount Outstanding	-	43.53	345.45	-
	Provision thereon	-	7.93	325.91	-
Write-off of restructured accounts during the year	Number of borrowers	-	-	46	-
	Amount Outstanding	-	-	159.65	-
	Provision thereon	-	-	-	-
Restructured loans as on March 31, 2018	Number of borrowers	-	284	-	-
	Amount Outstanding	-	1,621.85	-	-
	Provision thereon	-	198.22	-	-

xv. Customer Complaints

No. Of Complaints

Particulars	31.03.2018	31.03.2017
(a) Pending as at beginning of the year	11	Nil
(b) Received during the year	1,316	1,366
(c) Redressed during the year	1,307	1,355
(d) Pending as at end of the year	9	11

Note:

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

NOTE: 37 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2016 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

There were 202 cases (March 31, 2017 - 139 cases) of frauds amounting to ₹ 5,360.86 lakhs (March 31, 2017- ₹ 3,026.69 lakhs) reported during the year. The Company has recovered an amount of ₹ 135.61 lakhs (March 31, 2017- ₹ 107.64 lakhs). The un-recovered amounts are either pending settlement with the insurance companies or have been fully provided/ written off.

NOTE: 38. DISCLOSURE PURSUANT TO SCHEDULE V OF CLAUSE A.2 OF REGULATION 34 (3) AND REGULATION 54(F) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

₹ in lakhs

SL No.		Loans and Advances in the nature of Loans	Amount Outstanding As at 31.03.2018	Maximum Amount Outstanding during the year
(A)	To Subsidiaries			
	-	Cholamandalam Securities Limited	-	-
	-	Cholamandalam Distribution Services Limited	-	-
	-	White Data Systems India Private Limited	933.17	1,484.05
(B)	To Associates			
	-	TI Financial Holdings Limited	-	-
(C)	Where there is			
	(i)	No repayment schedule	-	-
	(ii)	Repayment beyond seven years	-	-
	(iii)	No interest	-	-
	(iv)	Interest below the rate as specified in section 372 A of the Companies Act, 1956/section 186 of the Companies Act, 2013	-	-
(D)	To Firms / Companies in which Directors are Interested (other than (A) and (B) above)		-	-
(E)	Investments by the loanee in the shares of Parent Company and Subsidiary Company		-	-

NOTE: 39 PREVIOUS YEAR'S FIGURES

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.
Previous year's figures have been audited by predecessor auditor.

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

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

Date : April 23, 2018
Place : Chennai

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

M.B.N. Rao
Chairman

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Independent Auditor's Report

To the Members of Cholamandalam Investment and Finance Company Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group for preventing and detecting frauds and other irregularities; the 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by 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, as at March 31, 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Other Matter

(a) The consolidated financial statements of the Company for the year ended March 31, 2017, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on April 28, 2017.

(b) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose financial statements include total assets of ₹ 8298.92 Lakhs and net assets of ₹ 5795.08 Lakhs as at March 31, 2018, and total revenues of ₹ 5679.50 Lakhs and net cash inflows of ₹ 4346.24 Lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated 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, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 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, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, refer to our separate report in “Annexure 1” to this report;

(g) 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, in our opinion and to the best of our information and according to the explanations given to us:

  i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 31to the consolidated 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 6 & 8 to the standalone financial statements;

  iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the its subsidiaries incorporated in India during the year ended March 31, 2018

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

per Subramanian Suresh
Partner
Membership Number: 083673

Place : Chennai
Date : April 23, 2018

Annexure 1 to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of Cholamandalam Investment and Finance Company Limited

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

In conjunction with our audit of the consolidated financial statements of Cholamandalam Investment and Finance Company Limited as of and for the year ended March 31, 2018, 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 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these two subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

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

per Subramanian Suresh
Partner
Membership Number: 083673

Place : Chennai
Date : April 23, 2018

Consolidated Balance Sheet

As at March 31, 2018

₹ in lakhs

	Note No.	As at 31.03.2018	As at 31.03.2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	15,639.68	15,634.29
Reserves and surplus	4	5,00,811.49	4,14,138.71
		5,16,451.17	**4,29,773.00**
Share Application Money pending Allotment		-	**18.13**
Minority Interest		**38.21**	**199.87**
Non-current liabilities			
Long-term borrowings	5	20,54,515.59	15,10,457.37
Other long-term liabilities	6	12,971.84	19,618.96
Long-term provisions	7	65,554.17	58,620.67
		21,33,041.60	**15,88,697.00**
Current liabilities			
Short-term borrowings	5	3,68,237.31	3,23,046.05
Trade payables			
i) Dues to Micro and Small Enterprises		-	-
ii) Other Trade payables		40,385.80	29,868.50
Current maturities of Long-term borrowings	5	7,67,474.44	5,73,556.33
Other current liabilities	8	1,20,279.92	1,05,964.32
Short-term provisions	7	10,928.40	8,699.98
		13,07,305.87	**10,41,135.18**
TOTAL		**39,56,836.85**	**30,59,823.18**
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Property, Plant and Equipment		14,141.28	11,964.45
(ii) Intangible assets		2,202.75	2,307.92
		16,344.03	14,272.37
Goodwill on Consolidation		700.88	700.88
Non-current investments	10	17,515.94	13,436.36
Deferred tax assets (Net)	11	33,985.77	31,537.70
Receivables under financing activity	12	25,98,018.77	19,93,543.85
Long-term loans and advances	13	19,054.46	12,389.63
Trade receivables	16	0.98	0.83
Other non-current assets	14	53,217.75	52,997.50
		27,38,838.58	**21,18,879.12**
Current assets			
Current investments	15	8,167.98	4,775.21
Trade receivables	16	3,061.96	2,184.07
Cash and Bank Balances	17	44,820.55	49,375.86
Receivables under financing activity	12	11,21,168.49	8,47,637.66
Short-term loans and advances	13	5,153.38	4,994.54
Other current assets	14	35,625.91	31,976.72
		12,17,998.27	**9,40,944.06**
TOTAL		**39,56,836.85**	**30,59,823.18**
Summary of significant accounting policies	1		

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**

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Consolidated Statement of Profit and Loss

For the year ended March 31, 2018

₹ in lakhs

	Note No.	As at 31.03.2018	As at 31.03.2017
Revenue			
- Revenue from operations	18	5,50,063.90	4,69,347.56
- Other income	19	62.54	336.59
Total Revenue		**5,50,126.44**	**4,69,684.15**
Expenses			
- Finance costs	20	2,30,520.71	2,22,792.39
- Business origination outsourcing		26,517.76	18,177.34
- Employee benefits expenses	21	54,158.47	41,409.19
- Other expenses	22	50,490.92	41,065.01
- Depreciation and amortisation expense	9	5,085.71	3,901.61
- Provisions and loan losses	23	34,976.52	31,595.41
Total Expenses		**4,01,750.09**	**3,58,940.95**
Profit before tax		**1,48,376.35**	**1,10,743.20**
Tax expense/(benefit):			
- Current Tax			
- Pertaining to profit for the current period		53,496.89	41,984.43
- Adjustment of tax relating to earlier periods		1.75	245.76
- MAT Credit Entitlement			
- Current year		36.21	18.09
- Prior years		(91.14)	1.31
- Deferred tax	11	(2,448.07)	(3,298.88)
Net tax expense		50,995.64	38,950.71
Profit for the period before share of minority interest		**97,380.71**	**71,792.49**
Add : Share of Loss attributable to minority interest		161.66	150.47
Profit for the year		**97,542.37**	**71,942.96**
Earnings per equity share of ₹ 10 each	24 (b)		
- Basic (₹)		62.41	46.05
- Diluted (₹)		62.35	46.03

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**

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Consolidated Cash Flow Statement

For the year ended March 31, 2018

₹ in lakhs

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
Cash Flow from Operating Activities				
Profit Before Tax		**1,48,376.35**		**1,10,743.20**
Adjustments for :-				
Depreciation and amortisation expense	5,085.71		3,901.61	
Provisions/(reversal of provisions) - Long-Term				
- Standard Assets (Net)	2,526.73		586.46	
- Non-Performing Assets under Financing Activity (Net)	4,406.77		8,756.99	
- Doubtful debts	0.01		(224.97)	
- Diminution in Value of Investments	129.04		-	
Provisions/(reversal of provisions) - Short-Term				
- Standard Assets (Net)	1,098.14		(3,897.74)	
- Contingencies (Net)	97.87		486.00	
- Clawback	(6.74)		2.63	
- Doubtful debts	9.95		27.12	
- Compensated Absences(Net)	1,039.15		298.61	
Loss on Repossessed Assets (Net)	17,109.59		20,263.75	
Loss assets written off	9,688.12		5,853.88	
Finance Costs	2,30,520.71		2,22,792.39	
(Profit)/Loss on Sale of Fixed Assets (Net)	6.19		(0.16)	
Liability no longer required written back	-		(12.16)	
Profit on Sale of Current Investments	(1,098.08)		(1,474.85)	
Interest Income on deposits	(5,026.91)		(5,108.48)	
Interest Income on Investments	(1,388.61)		(173.25)	
Dividend on Investments	(18.45)		(10.46)	
		2,64,179.19		2,52,067.37
Operating Profit Before Working Capital Changes		**4,12,555.54**		**3,62,810.57**
Adjustments for :-				
(Increase)/Decrease in operating Assets - Current/Short-term				
- Receivables under Financing Activity (including Repossessed Assets)	(6,35,322.02)		(5,75,853.91)	
- Other Current Assets and Trade receivables	(4,806.71)		(3,592.18)	
- Loans and advances	(158.84)	(6,40,287.57)	(756.76)	(5,80,202.85)
(Increase)/Decrease in operating Assets - Non-Current/Long-term				
- Receivables under Financing Activity	(6,04,474.92)		(1,73,879.54)	
- Other Non-Current Assets and Trade receivables	(339.19)		(9,965.01)	
- Loans and advances	(947.98)	(6,05,762.09)	(226.10)	(1,84,070.65)
Securitisation/Assignment of Receivables		3,35,449.53		4,74,101.53
Increase in operating liabilities (Trade Payables & Other current liabilities)				
- Current & Short-term liabilities		12,353.82		17,424.44
- Other Long-term liabilities		111.52		(95.30)
Cash Flow generated from / (used in) Operations		(4,85,579.25)		89,967.74
Finance Costs paid	(2,21,886.22)		(1,95,491.90)	
Interest Received on Bank Deposits and Other Investments	6,344.57		5,261.56	
Profit on Sale of Current Investments (Net)	1,098.08		1,474.85	
Direct Taxes Paid	(59,192.14)	(2,73,635.71)	(47,976.48)	(2,36,731.97)
Net Cash Used in Operating Activities (A)		**(7,59,214.96)**		**(1,46,764.23)**

Consolidated Cash Flow Statement (Contd.)

For the year ended March 31, 2018

₹ in lakhs

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
Cash Flow from Investing Activities				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	2,423.10		165.61	
Purchase of Fixed Assets	(7,281.60)		(5,812.21)	
Proceeds from Sale of Fixed Assets	149.71		62.40	
Purchase of Other Investments	(21,61,302.03)		(28,26,047.54)	
Proceeds from Sale/ Redemption of Other Investments	21,53,700.55		28,09,435.04	
Dividend Received on Investments	18.45		10.46	
Net Cash Used in Investing Activities (B)		**(12,291.82)**		**(22,186.24)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital and Securities Premium (net of expenses)		245.53		254.79
Increase/(Decrease) in borrowings				
Proceeds from issue of long-term debentures	5,24,016.17		7,41,800.00	
Redemption of long-term debentures	(3,29,020.00)		(1,74,040.00)	
Borrowing - Term Loan from Banks	8,15,200.00		4,15,900.33	
Repayment - Term Loan from Banks	(2,74,166.66)		(7,49,867.00)	
Increase / (Decrease) in short-term borrowings	45,319.34	7,81,348.85	(54,534.63)	1,79,258.70
Decrease in Fixed Deposits		(0.15)		(1.08)
Dividends Paid (Including Distribution Tax)		(12,219.66)		(10,332.44)
Net Cash Flow From Financing Activities (C)		**7,69,374.57**		**1,69,179.97**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(2,132.21)**		**229.50**
Cash and Cash Equivalents at the Beginning of the year		27,750.84		27,521.34
Cash and Cash Equivalents at the End of the year		25,618.63		27,750.84
Note:				
Cash and Cash Equivalents at the End of the year as per Balance Sheet		44,820.55		51,010.25
Less: Balance in Current Accounts held for Unpaid Dividends		54.55		46.35
Less: Bank Deposits held for More than Three Months		7,111.81		2,172.28
Less: Bank Deposits under Lien		12,035.56		21,040.78
		25,618.63		27,750.84

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**

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2018

Cholamandalam Investment and Finance Company Limited ("the Company") is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans and corporate mortgage loans. The Company, through its subsidiaries, is also engaged in the business of broking, distribution of financial products and freight data solutions.

1. Significant Accounting Policies

a) Principles of Consolidation

The consolidated financial statements relate to Cholamandalam Investment and Finance Company Limited and its subsidiaries (hereinafter collectively referred to as "the Group"). The consolidated financial statements have been prepared on the following basis:

(i) The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions and resulting in unrealised profits or losses, unless cost cannot be recovered.

(ii) Investments in entities where the Company holds interest on a temporary basis and where it does not exercise significant influence / control are not considered for consolidation purposes.

(iii) The Financial Statements of the Subsidiaries in the Consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2018.

(iv) The excess of Cost to the Company of its Investment in the Subsidiaries over the Company's portion of Equity on the date of acquisition is recognised in the financial statements as Goodwill. The carrying value of goodwill arising on Consolidation is not amortised but tested for impairment as at the end of each reporting period.

(v) The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

(vi) Minority Interest in the Net Assets of the Consolidated Subsidiaries consists of:

  a) The amount of Equity attributable to Minorities at the date on which the investment in the Subsidiary is made; and

  b) The Minorities' share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

(vii) Minority Interest share in the Net Profit for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit After Tax of the Group.

b) Particulars of consolidation

The financial statements of the following subsidiaries (all incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of Voting Power as on March 31, 2018	March 31, 2017
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Distribution Services Limited (CDSL)	100.00%	100.00%
White Data Systems India Private Limited	63.00%	63.00%

c) Basis of accounting and preparation of the financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

d) Use of Estimates

Preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in that affect reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

e) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) Revenue Recognition

Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non-Performing Loans, interest income is recognised upon realisation, as per the RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non-Performing.

Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Service Charges are recognised on issue of delivery instruction to the dealer/ manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

Additional Interest, cheque bounce charges, field visit charges and other penal / servicing charges are recognised as income on realisation due to uncertainty in their collection.

Interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per the RBI guidelines.

Loss, if any, in respect of securitisation and assignment is recognised upfront.

Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.

Brokerage Income on stock broking and other charges are recognised on the trade date of transaction upon confirmation of the transaction by the exchanges.

Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.

Income from business of providing freight data solution, revenue from transaction fees are charged from the transporter on accrual basis on initiation of trip and in certain cases on receipt of POD from the transporter.

Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.

Commission is recognised on an accrual basis based on contractual obligations and when there is no uncertainty in receiving the same. Commission income is net of service tax.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

Dividend Income is recognised when the right to receive dividend is established.

g) Fixed Assets, Depreciation and Impairment

Property, Plant and Equipment / Depreciation:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Property, Plant and Equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Useful life of assets as per Schedule II:

Asset Description	Estimated Useful Life
Buildings	60 years
Plant and Machinery - Computer Equipment	3 years
Office Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on Management's estimation

Asset Description	Estimated Useful Life
Plant and Machinery -Others*	5 years
Furniture and Fixtures*	5 years
Vehicles*	5 years
Membership card of stock exchanges	10 years

* Estimated useful life of these assets are based on usage and replacement policy of such assets.

Assets individually costing less than or equal to ₹ 5,000 are fully depreciated in the year of acquisition.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised over their estimated useful life on the straight-line method as follows:

Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License Period or 3 years, whichever is lower

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The carrying amount of 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 net selling price of the assets and its value in use.

h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties

Investments which are long-term in nature are stated at cost. Provisions made for diminution in value, if it is of nature other than temporary.

Current investments are individually valued at the lower of cost and fair value.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life as prescribed as per the Schedule II of the Companies Act, 2013.

The investment in the shares of Bombay Stock Exchange Limited, which is accounted at fair value based on the Expert Advisory Committee opinion on 'Accounting for conversion of membership rights of erstwhile BSE (AOP) into trading rights of BSEL and shares'. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

i) Receivables under Financing Activity, Provisioning and Derecognition

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off

(i) Unearned income

(ii) Instalments appropriated up to the Balance Sheet date.

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to minimum provisioning requirements specified by the RBI.

Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

The Company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

j) Repossessed Assets

Repossessed Assets are valued at the lower of cost and the estimated net realisable value.

k) Retirement and Other Benefits

(i) Defined Contribution Plans:

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family Pension Fund are based on the statutory provisions as per the Employee Provident Fund Scheme. The Group has no liability for the future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Employees' State Insurance: The Group contributes to Employees' State Insurance Scheme and recognises 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 recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(ii) Defined Benefit Plan

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 using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled and adjusted for unrecognised past service cost, if any. Any asset arising out of this calculation is limited to the past service cost plus the present value of available refunds and reduction in future contributions.

(iii) Long-Term Compensated Absences

The Group accounts its liability for long-term compensated absences based on actuarial valuation, as at the Balance Sheet date determined by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

While the long-term compensated absences is treated as long-term employee benefit for measurement purpose, it is presented as current provision in the Balance Sheet since the Company does not have an unconditional right to defer its settlement for 12 months after its reporting date.

(iv) Other-Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

l) Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Group outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items are carried at historical cost.

Treatment of Exchange Differences

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

Accounting of Forward Contracts

The Group enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the period.

m) Derivative Accounting

The Group enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

n) Hedge Accounting

The Group uses foreign currency forward contracts/cross currency interest rate swaps to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions/variable rate foreign currency loans. The Company designates such forward contracts/cross currency interest rate swaps, in a cash flow hedging relationship by applying the hedge accounting principles set out in "Guidance Note on Accounting for Derivative Contracts" issued by ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss

o) Lease Accounting

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

p) Business Origination and Outsourcing

Business origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period incurred.

q) Input Tax Credit (Service Tax / Goods and Services Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted and when there is no uncertainty in availing / utilising the same.

r) Taxation

Income Tax: Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred Tax: Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward losses and items relating to capital losses are recognised if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum alternate tax (MAT) paid in a period is charged to the Statement of Profit and Loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as “MAT Credit Entitlement.” The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent it does not have convincing evidence that it will pay normal tax during the specified period.

s) Employee share based payments

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant, if any, over the exercise price of the options is recognized as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

t) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

u) Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

v) Finance Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Zero Coupon bonds is amortised over the tenor of the underlying instrument. Premium payable on redemption of debentures is accrued over the tenor of the debentures. The interest on commercial paper is accrued till maturity of the underlying instrument.

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

w) Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. The balance of Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

x) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

y) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Operating Cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current. All Non-performing assets are classified as Non-Current.

z) 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.

2) a) Early adoption of Provision for Non-performing assets and Standard assets

The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over the period of three years, commencing from the financial year ended March 31, 2016.

In the previous year (March 31, 2017), the Company has early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2018.

b) Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of con-solidated net assets	Amount in ₹ Lakhs	As % of con-solidated profit or loss	Amount in ₹ Lakhs
1	2	3	4	5
Cholamandalam Investment and Finance Company Limited	98.26%	5,07,470.60	99.41%	96,962.84
Subsidiaries				
1. Cholamandalam Distribution Services Limited	1.10%	5,691.83	0.41%	400.90
2. Cholamandalam Securities Limited	0.44%	2,257.54	0.46%	453.89
3. White Data Systems India Private Limited	0.20%	1,031.20	(0.28%)	(275.26)
TOTAL	**100.00%**	**5,16,451.17**	**100.00%**	**97,542.37**

₹ in lakhs

Particulars	As at 31.03.2018 Nos.	 Amount	As at 31.03.2017 Nos.	 Amount
NOTE : 3 SHARE CAPITAL				
AUTHORISED				
Equity Shares of ₹ 10 each with voting rights	24,00,00,000	24,000.00	24,00,00,000	24,000.00
Preference Shares of ₹ 100 each	5,00,00,000	50,000.00	5,00,00,000	50,000.00
		74,000.00		**74,000.00**
ISSUED				
Equity Shares of ₹ 10 each with voting rights	15,64,68,125	15,643.74	15,64,14,287	15,641.43
		15,643.74		**15,641.43**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 10 each with voting rights	15,63,31,371	15,633.14	15,62,77,533	15,627.75
Add : Forfeited Shares	1,30,900	6.54	1,30,900	6.54
		15,639.68		**15,634.29**

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

₹ in lakhs

Particulars	As at 31.03.2018 Nos.	 Amount	As at 31.03.2017 Nos.	 Amount
Equity Shares				
Outstanding at the beginning of the year	15,62,77,533	15,627.75	15,61,45,644	15,614.56
Issued during the year - Employees Stock Option (ESOP) Scheme	53,838	5.39	1,31,889	13.19
Outstanding at the end of the year	**15,63,31,371**	**15,633.14**	**15,62,77,533**	**15,627.75**
Forfeited shares				
Equity Shares - Amount originally paid up	**1,30,900**	**6.54**	**1,30,900**	**6.54**
Outstanding at the end of the year	-	-	-	-

b) Terms/rights attached to Equity shares:

The Company has only one class of equity shares having a par value of ₹ 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.

c) Equity Shares held by Holding Company/Entity having significant influence over the Company:

Particulars	As at 31.03.2018	As at 31.03.2017
TI Financial Holdings Limited (formerly known as "Tube Investments of India Limited")- Entity having Significant influence over the Company	7,22,33,019	7,22,33,019

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

Particulars	As at 31.03.2018 Nos.	 % holding in the class	As at 31.03.2017 Nos.	 % holding in the class
Equity Shares				
TI Financial Holdings Limited	7,22,33,019	46.21	7,22,33,019	46.22

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.

e) Shares reserved for issue under options:

Refer Note 33 for details of shares reserved for issue under options

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 4 RESERVES AND SURPLUS		
Capital Reserve	**3.97**	**3.97**
Capital Redemption Reserve (Refer Note 4.1)	**3,300.00**	**3,300.00**
Securities Premium Account		
Balance at the beginning of the year	1,66,924.48	1,66,698.50
Add: Premium on ESOPs exercised	258.27	225.98
Closing balance at the end of the year	**1,67,182.75**	**1,66,924.48**
Statutory Reserve (Refer Note 4.2)		
Balance at the beginning of the year	62,046.48	47,046.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	20,000.00	15,000.00
Closing balance at the end of the year	**82,046.48**	**62,046.48**
General Reserve		
Balance at the beginning of the year	1,40,967.33	1,10,967.33
Add: Amount transferred from surplus in the Statement of Profit and Loss	50,000.00	30,000.00
Closing balance at the end of the year	**1,90,967.33**	**1,40,967.33**
Hedge Reserve		
Balance at the beginning of the year	(2,792.96)	-
Addition	1,100.00	(2,792.96)
Deduction	-	-
Closing balance at the end of the year	**(1,692.96)**	**(2,792.96)**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	43,689.41	23,330.25
Profit for the year	97,542.37	71,942.96
Less:		
Dividend		
Equity for previous year	-	(0.89)
Equity Interim - Paid ₹ 4.50 per share (March 31, 2017 - ₹ 3.50 per share)	(10,159.60)	(5,469.31)
Distribution tax on Equity Dividend	(2,068.26)	(1,113.60)
Transfer to Statutory Reserve	(20,000.00)	(15,000.00)
Transfer to General Reserve	(50,000.00)	(30,000.00)
Net surplus in the Statement of Profit and Loss at the end of the year	**59,003.92**	**43,689.41**
Total Reserves and Surplus	**5,00,811.49**	**4,14,138.71**

4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during the prior years.

4.2 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934

4.3 The Board of Directors of the Company have recommended a final dividend of 20% being ₹ 2 per share on the equity shares of the Company, for the year ended March 31, 2018 (₹ 2 per share - March 31, 2017) which is subject to approval of shareholders. Consequently the proposed dividend has not been recorded in the books in accordance with AS-4 (Revised).

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
NOTE : 5 BORROWINGS (Refer Note 5.4)				
LONG-TERM				
Redeemable Non-convertible Debentures				
Medium Term - Secured - Refer Note 5.2 (i) & 5.3 (i) to (iv)	7,18,116.17	6,78,400.00	4,42,800.00	3,51,520.00
Subordinated debt - Unsecured - Refer Note 5.3 (v) & 5.3 (vi)	2,18,650.00	1,65,800.00	18,650.00	7,500.00
Perpetual debt - Unsecured - Refer Note 5.3 (vii)	1,10,070.00	1,10,070.00	-	-
Term Loans				
Rupee Loans from Banks - Secured - Refer Note 5.2 (ii) & 5.3 (viii)	8,19,200.00	3,39,066.00	1,98,366.67	2,01,567.33
Foreign currency loans from banks - Secured - Refer Note 5.2 (ii) & 5.3 (viii)	1,88,479.42	2,17,121.37	1,07,657.77	12,969.00
	20,54,515.59	**15,10,457.37**	**7,67,474.44**	**5,73,556.33**
The above amount includes:				
Secured borrowings	17,25,795.59	12,34,587.37	7,48,824.44	5,66,056.33
Unsecured borrowings	3,28,720.00	2,75,870.00	18,650.00	7,500.00
Amount disclosed under the head "Current Maturities of Long-term borrowings"	-	-	(7,67,474.44)	(5,73,556.33)
	20,54,515.59	**15,10,457.37**	**-**	**-**
SHORT-TERM				
Working capital Demand loans and cash credit from Banks				
Secured - Refer Note 5.2 (iii)	-	-	1,38,133.37	66,314.03
Commercial paper - Unsecured - Refer Note 5.1	-	-	2,30,103.94	2,56,732.02
	-	-	3,68,237.31	3,23,046.05
The above amount includes:				
Secured borrowings	-	-	1,38,133.37	66,314.03
Unsecured borrowings	-	-	2,30,103.94	2,56,732.02
	-	**-**	**3,68,237.31**	**3,23,046.05**

5.1 Face value of Commercial Paper is ₹ 2,40,000 lakhs as on March 31, 2018 (₹ 2,66,500 lakhs as on March 31, 2017)

5.2 Security

(i) Redeemable Non-convertible debentures - Medium term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.

(ii) Term loans from banks is secured by way of specific/pari passu charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(iii) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

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

For the year ended March 31, 2018

5.3 Details of Debentures

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs		
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	-	Nov-22	8.00
50	10,00,000	500	500	Mar-22	8.35
2,000	10,00,000	20,000	-	Jun-21	8.52
4,770	10,00,000	47,700	-	Apr-21	8.09
1,950	10,00,000	19,500	-	Dec-20	8.00
1,750	10,00,000	17,500	-	Oct-20	7.75
1,500	10,00,000	15,000	-	Jun-20	8.10
800	10,00,000	8,000	-	May-20	8.12
800	10,00,000	8,000	8,000	Apr-20	8.10 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
4,000	10,00,000	40,000	20,000	Feb-20	8.02 to 8.12
5,500	10,00,000	55,000	-	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	40,000	Oct-19	8.05 to 8.20
8,350	10,00,000	83,500	38,500	Sep-19	8.06 to 8.46
2,250	10,00,000	22,500	7,500	Aug-19	7.50 to 9.90
7,300	10,00,000	73,000	3,000	Jul-19	7.80 to 9.90
2,750	10,00,000	27,500	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	67,500	57,500	May-19	8.03 to 9.20
1,100	10,00,000	11,000	8,500	Apr-19	8.00 to 9.20
8,800	10,00,000	88,000	63,000	Mar-19	7.65 to 9.20
5,200	10,00,000	52,000	37,000	Feb-19	7.96 to 8.05
2,000	10,00,000	20,000	20,000	Dec-18	8.20
2,350	10,00,000	23,500	23,500	Nov-18	7.80 to 10.35
6,400	10,00,000	64,000	64,000	Sep-18	8.27 to 11.00
500	10,00,000	5,000	5,000	Aug-18	9.03
5,450	10,00,000	54,500	54,500	Jun-18	8.95 to 9.13
11,430	10,00,000	1,14,300	1,14,300	May-18	8.96 to 10.13
400	10,00,000	4,000	4,000	Apr-18	9.94 to 9.95
11,550	10,00,000	-	1,15,500	Mar-18	8.15 to 9.35
3,250	10,00,000	-	32,500	Feb-18	8.90
2,500	10,00,000	-	25,000	Dec-17	10.50
2,450	10,00,000	-	24,500	Nov-17	8.90 to 9.55
550	10,00,000	-	5,500	Aug-17	9.00
650	10,00,000	-	6,500	Jul-17	9.90
5,755	10,00,000	-	57,550	Jun-17	8.90 to 9.90
65	10,00,000	-	650	May-17	9.24 to 9.25
1,500	10,00,000	-	15,000	Apr-17	9.35
		10,49,000	**9,14,000**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs			
1000	10,00,000	10,000	-	Mar-21	12,76,583	2,76,583
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	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	7,500	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	800	800	Jul-19	12,98,729	2,98,729
500	10,00,000	5,000	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	800	800	Apr-19	13,08,150	3,08,150
250	10,00,000	2,500	2,500	Apr-19	13,13,730	3,13,730
250	10,00,000	2,500	2,500	Mar-19	16,23,240	6,23,240
100	10,00,000	1,000	1,000	Mar-19	16,19,345	6,19,345
160	10,00,000	1,600	1,600	Feb-19	16,35,566	6,35,566
580	10,00,000	5,800	5,800	Nov-18	13,57,496	3,57,496
100	10,00,000	1,000	1,000	Jul-18	13,02,320	3,02,320
150	10,00,000	1,500	1,500	Jul-18	12,59,970	2,59,970
100	10,00,000	1,000	1,000	May-18	15,80,260	5,80,260
250	10,00,000	2,500	2,500	Apr-18	13,01,077	3,01,077
60	10,00,000	600	600	Apr-18	12,95,193	2,95,193
250	10,00,000	-	2,500	Mar-18	11,26,095	1,26,095
110	10,00,000	-	1,100	Dec-17	13,60,923	3,60,923
110	10,00,000	-	1,100	Oct-17	13,17,130	3,17,130
850	10,00,000	-	8,500	Aug-17	11,88,380	1,88,380
100	10,00,000	-	1,000	Aug-17	13,20,598	3,20,598
75	10,00,000	-	750	Jul-17	13,23,949	3,23,949
100	10,00,000	-	1,000	Jun-17	11,76,932	1,76,932
50	10,00,000	-	500	Jun-17	11,86,518	1,86,518
135	10,00,000	-	1,350	Jun-17	11,89,472	1,89,472
43	10,00,000	-	430	Jun-17	11,87,498	1,87,498
170	10,00,000	-	1,700	Jun-17	13,11,675	3,11,675
267	10,00,000	-	2,670	Jun-17	13,14,349	3,14,349
75	10,00,000	-	750	May-17	11,88,908	1,88,908
70	10,00,000	-	700	May-17	11,87,780	1,87,780
120	10,00,000	-	1,200	May-17	11,90,320	1,90,320
200	10,00,000	-	2,000	May-17	11,90,740	1,90,740
150	10,00,000	-	1,500	May-17	11,92,760	1,92,760
100	10,00,000	-	1,000	Apr-17	11,86,652	1,86,652
20	10,00,000	-	200	Apr-17	11,85,196	1,85,196
135	10,00,000	-	1,350	Apr-17	11,88,908	1,88,908

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option (Contd.)

No. of Debentures	Face Value ₹	Balance as at 31.03.2018 ₹ in lakhs	Balance as at 31.03.2017 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
570	10,00,000	-	5,700	Apr-17	11,88,907	1,88,907
140	10,00,000	-	1,400	Apr-17	11,88,344	1,88,344
42	10,00,000	-	420	Apr-17	11,90,320	1,90,320
100	10,00,000	-	-	Jan-17	11,55,522	1,55,522
		79,500	**85,920**			

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

No. of Debentures	Face Value ₹	Balance as at 31.03.2018 ₹ in lakhs	Balance as at 31.03.2017 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
500	10,00,000	-	5,000	Mar-19	Feb-18	8.90
2500	10,00,000	-	25,000	Sep-19	Sep-18	8.20
		-	**30,000**			

(iv) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Call option

No. of Debentures	Face Value ₹	Balance as at 31.03.2018 ₹ in lakhs	Balance as at 31.03.2017 ₹ in lakhs	Due date of redemption	Call option date	Rate of interest %
3,250	10,00,000	32,500	-	Aug-19	Aug-18	7.85
		32,500	**-**			

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Redeemable at premium - No put call option	62,000	47,100	17,500	38,820	79,500	85,920
Redeemable at par - with put option	-	-	-	30,000	-	30,000
Redeemable at par - with call option	32,500	-		-	32,500	-
	7,18,200	**6,78,400**	**4,42,800**	**3,51,520**	**11,61,000**	**10,29,920**

(v) 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 %
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs		
3150	10,00,000	31,500	-	Mar-28	9.05
1500	10,00,000	15,000	-	Aug-27	8.53
2500	10,00,000	25,000	-	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	7,000	7,000	Jun-19	11.40
100	10,00,000	1,000	1,000	Nov-18	10.55
250	10,00,000	2,500	2,500	Sep-18	11.25
895	10,00,000	8,950	8,950	Aug-18	12.25
620	10,00,000	6,200	6,200	Jun-18	10.55 to 12.25
750	10,00,000	-	7,500	Nov-17	12.75
150	10,00,000	-	-	Mar-17	11.25
350	10,00,000	-	-	Feb-17	11.15
		2,35,800	1,71,800		

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs			
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

₹ in lakhs

	Non - Current		Current		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Redeemable at par - No put call option	2,17,150	1,64,300	18,650	7,500	2,35,800	1,71,800
Redeemable at premium - No put call option	1,500	1,500	-	-	1,500	1,500
	2,18,650	1,65,800	18,650	7,500	2,37,300	1,73,300

(vii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		31.03.2018 ₹ in lakhs	31.03.2017 ₹ in lakhs		
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,10,070	**1,10,070**		

5.3 (viii) Details of term loans

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non Current		Current	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Base Rate / MCLR	< 1year	1	-	-	22,867	82,500
		3	-	-	-	10,000
		4	-	-	8,000	-
	1 - 2 years	1	56,000	20,000	-	-
		4	20,000	30,000	-	-
		5	14,000	-	16,000	-
		8	-	8,000	-	8,000
	2 - 3 years	1	60,000	83,500	-	-
		3	-	10,000	-	5,000
		5	-	20,000	-	-
		9	-	10,000	-	9,000
	3 - 4 years	6	20,000	-	-	-
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1year	1	-	-	85,000	21,500
		2	-		18,000	14,000
		3	-	5,000	-	10,000
		4	-	18,000	-	18,000
		4	15,000	-	-	-
Rate based on T Bill + Spread	1 - 2 years	1	10,000	-	-	-
	2 - 3 years	1	20,000	-	-	-
		3	3,000	-	1,500	-
	4 - 5 years	3	28,200	-	-	-
		4	10,000	-	-	-
	1 - 2 years	1	23,439	30,000	-	-
	2 - 3 years	1	-	23,323	-	-
	4 - 5 years	1	63,000	-	12,000	-
Total			**8,42,639**	**3,62,390**	**1,98,367**	**2,01,567**
USD Overnight LIBOR + Spread	< 1year	1	-	-	-	-
USD Overnight LIBOR + Spread	1-2 years	1	-	-	-	12,969
USD 3M LIBOR + Spread	< 1year	1	-	-	28,879	-
		4	-	-	30,065	-
	1-2 years	1	27,559	28,735	-	-
	2-3 years	5	20,304	-	-	-
USD 6M LIBOR + Spread	< 1year	1	-	-	48,714	-
	1-2 years	1	1,17,177	48,471		
	2-3 years	1	-	1,16,592	-	-
Total			**1,65,040**	**1,93,798**	**1,07,658**	**12,969**

5.4 The Company has not defaulted in the repayment of dues to its lenders.

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 6 OTHER LONG - TERM LIABILITIES		
Interest accrued but not due on borrowings	8,281.81	9,226.33
Financial liabilities on derivative transactions	4,288.47	10,102.59
Deferred Rent	401.56	290.04
	12,971.84	**19,618.96**

₹ in lakhs

Particulars	Long-Term		Short-Term	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
NOTE : 7 PROVISIONS				
Provisions for Employee Benefits				
- Compensated Absences (Refer Note 28 (b))	-	-	2,569.96	1,530.81
	-	-	2,569.96	1,530.81
Other provisions				
Provision for Standard Assets (Refer Note 32)	9,988.17	7,461.44	4,520.66	3,422.52
Provision for Non performing Assets (Refer Note 32 & 2 a)	55,566.00	51,159.23	-	-
Provision for Contingencies (Refer Note 32)	-	-	3,045.41	2,947.54
Provision for Contingent Service Tax Claims (Refer Note 32)	-	-	792.37	792.37
Provision for Clawback Commission (Refer Note 32)	-	-	-	6.74
	65,554.17	58,620.67	8,358.44	7,169.17
	65,554.17	**58,620.67**	**10,928.40**	**8,699.98**

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 8 OTHER CURRENT LIABILITIES		
Interest Accrued but Not Due on Borrowings / Other Deposits	77,230.30	67,526.57
Income received in advance	118.47	157.93
Unpaid Dividend (Refer Note 8.1)	54.55	46.35
Fixed Deposits including interest accrued thereon - Matured and unclaimed	-	0.15
Advances from customers/others	1,223.76	2,189.57
Security Deposit received	376.59	476.43
Remittance payables - Derecognised assets (Refer Note 16.1)	33,794.06	33,167.32
Statutory dues	1,501.40	456.19
Financial liabilities on derivative transactions	2,767.30	-
Other liabilities *	3,213.49	1,943.81
	1,20,279.92	**1,05,964.32**
* Other liabilities include Gratuity Payable (Refer Note 26 (a))	-	1,097.14

8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF).

NOTE 9 : FIXED ASSETS
As at March 31, 2018

₹ in lakhs

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at 31.03.2017	Additions	Deletions	Cost as at 31.03.2018	As at 31.03.2017	Provided for the year	Withdrawn during the year	As at 31.03.2018	31.03.2018	31.03.2017
Equipment										
Tangible Asset (owned)										
Freehold Land	3,956.19	-	-	3,956.19	-	-	-	-	3,956.19	3,956.19
Buildings (Refer Note below)	3,471.22	-	-	3,471.22	895.72	48.06	-	943.78	2,527.44	2,575.50
Plant and Machinery	6,540.47	1,962.88	298.25	8,205.10	4,487.89	1,501.45	282.44	5,706.90	2,498.20	2,052.58
Office Equipment	2,616.09	791.08	33.84	3,373.33	1,743.53	484.85	25.88	2,202.50	1,170.83	872.56
Furniture and Fixtures	2,536.50	805.04	17.60	3,323.94	1,950.31	661.88	17.01	2,595.18	728.76	586.19
Leasehold improvements	3,586.98	1,809.92	30.73	5,366.17	2,457.23	726.64	30.73	3,153.14	2,213.03	1,129.75
Vehicles	1,211.85	646.55	359.21	1,499.19	420.17	268.60	236.41	452.36	1,046.83	791.68
Total	**23,919.30**	**6,015.47**	**739.63**	**29,195.14**	**11,954.85**	**3,691.48**	**592.47**	**15,053.86**	**14,141.28**	**11,964.45**
Intangible Asset (Acquired)										
Computer Software	6,745.74	1,297.71	84.03	7,959.42	4,437.82	1,394.14	75.29	5,756.67	2,202.75	2,307.92
Stock Exchange Membership Card	65.75	-	-	65.75	65.75	-	-	65.75	-	-
Total	**6,811.49**	**1,297.71**	**84.03**	**8,025.17**	**4,503.57**	**1,394.14**	**75.29**	**5,822.42**	**2,202.75**	**2,307.92**

NOTE 9 : FIXED ASSETS (Contd.)
As at March 31, 2017

₹ in lakhs

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at 31.03.2016	Additions	Deletions	Cost as at 31.03.2017	As at 31.03.2016	Provided for the year	Withdrawn during the year	As at 31.03.2017	31.03.2017	31.03.2016
Property Plant and Equipment										
Tangible Asset (owned)										
Freehold Land	3,956.19	-	-	3,956.19	-	-	-	-	3,956.19	3,956.19
Buildings (Refer Note below)	3,471.22	-	-	3,471.22	847.66	48.06	-	895.72	2,575.50	2,623.56
Plant and Machinery	5,280.78	1,360.59	100.90	6,540.47	3,340.49	1,248.01	100.61	4,487.89	2,052.58	1,940.29
Office Equipment	1,894.69	745.28	23.88	2,616.09	1,376.39	379.81	12.67	1,743.53	872.56	518.30
Furniture and Fixtures	1,926.46	614.90	4.86	2,536.50	1,460.73	494.36	4.78	1,950.31	586.19	465.73
Leasehold improvements	2,470.18	1,117.53	0.73	3,586.98	1,928.32	529.60	0.69	2,457.23	1,129.75	541.86
Vehicles	907.42	464.51	160.08	1,211.85	325.98	203.65	109.46	420.17	791.68	581.44
Total	**19,906.94**	**4,302.81**	**290.45**	**23,919.30**	**9,279.57**	**2,903.49**	**228.21**	**11,954.85**	**11,964.45**	**10,627.37**
Intangible Asset (Acquired)										
Computer Software	4,134.52	2,611.22	-	6,745.74	3,439.79	998.03	-	4,437.82	2,307.92	694.73
Stock Exchange Membership Card	65.75	-	-	65.75	65.75	-	-	65.75	-	-
Total	**4,200.27**	**2,611.22**	**-**	**6,811.49**	**3,505.54**	**998.03**	**-**	**4,503.57**	**2,307.92**	**694.73**

Note:

Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.

₹ in lakhs

Particulars		As at 31.03.2018	As at 31.03.2017
NOTE : 10 NON-CURRENT INVESTMENTS (valued at cost unless stated otherwise)			
Investment property (at cost less accumulated depreciation)			
Cost of Land and Building		11.46	11.46
Less: Accumulated Depreciation		(7.50)	(7.41)
	Net block (a)	**3.96**	**4.05**
Non-Trade Investments			
Investment in Equity shares - **Unquoted**			
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up		129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up		0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up		0.25	0.25
Madras Stock Exchange Limited 2,85,000 Shares of ₹ 1 each fully paid up		0.15	0.15
Chola Insurance Services Limited 19,133 Shares of ₹ 10 each fully paid up		1.91	1.91
Investment in other shares - **Unquoted**			
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only		0	0
Less: Provision for other than temporary dimunition in the value of investment		(129.04)	-
	Total (b)	**2.41**	**131.45**
Investment in other shares - **Quoted**			
Coromandel Engineering Company Limited 25,00,100 shares of ₹ 10 each fully paid		500.25	500.25
Bombay Stock Exchange Limited 1,30,000 Shares of ₹ 1 each fully paid up		138.04	138.04
	Total (c)	**638.29**	**638.29**
Investment in Venture Capital Fund - **Unquoted**			
Faering Capital India Evolving Fund		340.83	386.54
	Total (d)	**340.83**	**386.54**
Investment in Pass Through Certificates - **Unquoted**			
PLATINUM TRUST AUG 2016		192.86	390.81
PLATINUM TRUST AUG 2016 TRANCHE II		709.05	1,023.72
PLATINUM TRUST SEP 2016		294.95	849.33
PLATINUM TRUST SEP 2016 TRANCHE II		753.66	1,084.95
PLATINUM TRUST NOV 2016		820.52	1,103.76
PLATINUM TRUST DEC 2016		523.28	688.22
PLATINUM TRUST DEC 2016 TRANCHE II		284.20	665.78
PLATINUM TRUST JAN 2017		425.45	916.91
PLATINUM TRUST FEB 2017		1,101.08	1,918.97
PLATINUM TRUST FEB2017 TRANCHE -II		1,047.77	1,445.39
PLATINUM TRUST FEB 2017 TRANCHE -III		621.40	1,231.92
PLATINUM TRUST MAR 2017		871.76	1,160.29
PLATINUM TRUST MAR 2017 TRANCHE-II		983.97	1,550.38
PLATINUM TRUST MAR 2017 TRANCHE-III		964.40	1,597.03

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

For the year ended March 31, 2018

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
PLATINUM TRUST MAR 2017 TRANCHE -IV	785.61	1,258.78
PLATINUM TRUST JUN 2017	1,145.88	-
PLATINUM TRUST JUN 2017 TRANCHE - II	1,413.77	-
PLATINUM TRUST JUN 2017 TRANCHE - III	1,740.63	-
PLATINUM TRUST NOV 2017	1,553.57	-
PLATINUM TRUST DEC 2017	3,281.11	-
PLATINUM TRUST DEC 2017 TRANCHE - II	1,910.86	-
PLATINUM TRUST FEB2018	1,605.38	-
PLATINUM TRUST FEB2018 TRANCHE II	1,571.27	-
	24,602.43	16,886.24
Amount disclosed under Current Investments	(8,071.98)	(4,610.21)
Total (e)	**16,530.45**	**12,276.03**
Total Non-current Investments (a + b + c + d + e)	**17,515.94**	**13,436.36**
Aggregate Value of Quoted Investments - At cost	638.29	638.29
Market value of Quoted Investments	1,681.58	1,603.91
Aggregate Value of Unquoted Investments - At Cost	17,515.94	13,436.36
Aggregate provision for diminution in the value of investments	129.04	-
Value of Investment property	3.96	4.05

All Investments represented above are made in India.

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE 11 DEFERRED TAX ASSETS (Net)		
Deferred Tax Assets		
Provision for Standard Assets	5,071.26	3,766.72
Provision for Non-Performing Assets	15,744.03	15,544.53
Provision for Repossessed Automobile assets	1,011.08	1,141.31
Provision for Contingent Service Tax	276.89	274.22
Income Derecognised on Non-Performing Assets	7,467.39	7,273.98
Provision for Contingencies	1,064.19	1,020.08
Unrealised Excess Interest Spread on Assignment/Securitisation	2,488.81	2,246.12
Provision for compensated absences and gratuity	885.12	892.77
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	753.96	479.11
Others	287.63	245.47
(A)	**35,050.36**	**32,884.31**
Deferred Tax Liability		
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	44.24	3.75
Unamortised Prepaid Finance Charges	1,020.35	1,342.86
(B)	**1,064.59**	**1,346.61**
Net Deferred Tax Assets (A) - (B)	**33,985.77**	**31,537.70**
Deferred Tax benefit in the Statement of Profit and Loss	**2,448.07**	**3,298.88**

₹ in lakhs

Particulars	Non - Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
Secured				
Automobile Financing	16,80,737.62	12,00,399.33	9,31,896.35	7,12,764.44
Loans against Immovable Property	7,80,906.39	6,94,032.97	50,803.45	46,469.72
Construction Equipment Financing	88,236.94	41,850.12	47,597.07	23,365.86
Loans against Securities	1,584.78	1,328.87	326.94	297.27
Other Loans	428.14	643.17	214.71	191.85
Amount Retained on Assigned Assets	6,576.95	10,330.18	877.62	1,108.75
Instalments and Other Dues from Borrowers	36,270.69	42,987.50	42,955.88	35,591.11
Total (a)	25,94,741.51	19,91,572.14	10,74,672.02	8,19,789.00
Unsecured				
Loan to Automobile Dealers	510.07	547.83	25,676.41	9,746.04
Bills Discounted	2,343.13	1,322.96	11,165.98	13,127.48
Other Loans	424.06	100.92	9,635.17	4,835.00
Instalments and Other Dues from Borrowers	-	-	18.91	140.14
Total (b)	3,277.26	1,971.71	46,496.47	27,848.66
Total receivables under financing activity (a) + (b)	**25,98,018.77**	**19,93,543.85**	**11,21,168.49**	**8,47,637.66**
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or, pledge of securities and / or, equitable mortgage of property and/ or, corporate guarantees or personal guarantees and/ or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	36,270.69	30,536.65		
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date				
Of the above:				
Considered Good	24,77,041.67	18,39,041.46	11,21,168.49	8,47,637.66
Others - Non-Performing Assets	1,20,977.10	1,54,502.39	-	-
	25,98,018.77	19,93,543.85	11,21,168.49	8,47,637.66

₹ in lakhs

Particulars	Long-Term		Short-Term	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
NOTE :13 LOANS AND ADVANCES				
Unsecured - considered good (unless otherwise stated)				
Capital Advances	515.34	546.92	-	-
Security Deposits	1,772.96	767.19	121.53	835.32
Deposits with Stock Exchanges	137.70	137.70	1,445.62	833.64
Prepaid expenses	24.40	47.27	1,155.92	776.46
Service tax input credit	157.82	192.74	-	300.21
Advance tax (net of provision for tax)	16,081.47	10,460.52	-	-
MAT Credit entitlement (net)	363.32	235.84	-	-
Other advances	1.45	1.45	2,430.31	2,248.91
	19,054.46	**12,389.63**	**5,153.38**	**4,994.54**

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

For the year ended March 31, 2018

₹ in lakhs

Particulars	Non - Current As at 31.03.2018	As at 31.03.2017	Current As at 31.03.2018	As at 31.03.2017
NOTE : 14 OTHER ASSETS				
Unsecured - considered good (unless otherwise stated)				
Deposit with Banks as collateral towards assets derecognised	49,413.26	48,155.44	-	-
Deposits with Banks - Free of Lien (Refer Note 17.2)	715.61	1,634.40	-	-
Prepaid Finance Charges	3,088.88	3,207.66	1,422.80	1,307.38
Repossessed Automobile assets *	-	-	1,746.30	2,202.35
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	22,715.44	20,857.70
- on Deposits and Investments	-	-	295.91	224.96
Financial assets on derivative transactions	-	-	-	-
Other Accruals and receivables **	-	-	9,445.46	7,384.33
	53,217.75	**52,997.50**	**35,625.91**	**31,976.72**
* Net of Provision			2,969.83	3,334.34

** includes - ₹ 3,809.93 lakhs (March 31, 2017 - ₹ 4,426.43 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognized assets referred in Note 8.

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value,unless stated otherwise - Non-Trade)		
Investments in Mutual Funds - **Unquoted**	96.00	165.00
Current Portion of Long-term Investment in Pass Through Certificates - **Unquoted**	8,071.98	4,610.21
	8,167.98	**4,775.21**

₹ in lakhs

Particulars	Long-Term As at 31.03.2018	As at 31.03.2017	Short-Term As at 31.03.2018	As at 31.03.2017
NOTE : 16 TRADE RECEIVABLES				
Secured - Considered Good	0.98	0.83	1,608.02	1,923.10
Unsecured - Considered Good	-	-	1,433.58	248.37
Unsecured - Considered Doubtful	94.52	94.51	93.22	75.51
Less: Provision for Doubtful Debts	(94.52)	(94.51)	(72.86)	(62.91)
	0.98	**0.83**	**3,061.96**	**2,184.07**
Trade Receivables outstanding for a period of more than 6 months from the due date				
Secured - Considered Good			25.43	23.81
Unsecured - Considered Doubtful			36.42	35.50

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

For the year ended March 31, 2018

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 17 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on hand	2,525.57	3,597.55
Cheques, Drafts on hand	1,721.09	2,740.12
Balances with banks		
- In Current Accounts (Refer Note 17.1)	21,369.77	21,383.17
- In Deposit Accounts - Original maturity 3 months or less	2.20	30.00
	25,618.63	27,750.84
Other bank balances		
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 14 & 17.2)	7,111.81	537.89
- In earmarked accounts		
- In Unclaimed Dividend Accounts	54.55	46.35
- In Client and Exchange related Accounts	980.53	1,153.26
- In Deposit Accounts (Under Lien) (Refer Note 17.3)	-	812.50
- Deposit with Banks as collateral towards assets derecognised	60,460.73	67,222.61
- Amount disclosed under Non current bank balances	(49,413.26)	(48,155.44)
	11,047.47	19,067.17
- Public deposit Escrow Account	-	0.29
- Other Deposit Account	7.56	7.56
	44,820.55	**49,375.86**

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 (Cash Flow Statements) is ₹ 25,618.63 lakhs (March 31, 2017 - ₹ 27,750.84 lakhs).

17.1 Balances with Banks on Current Accounts and cash, cheques and drafts on hand include amounts collected in respect of assets de-recognised on account of Assignment /Securitisation of Receivables pending remittance to the assignees/investors. Refer Note 8.

17.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 3,365.05 lakhs (March 31, 2017 - ₹ 2,027.49 lakhs) which have a residual maturity of more than 12 months.

17.3 Balances with banks in earmarked Deposits accounts includes Margin money deposits amounting to Nil (March 31, 2017 - ₹ 812.50 lakhs) held as lien for bank guarantees issued to stock exchanges.

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 18 REVENUE FROM OPERATIONS		
Income from Operations		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	3,39,977.42	2,94,676.90
- Loans against Immovable Property	91,454.63	94,596.43
- Construction Equipment Financing	11,060.63	5,865.58
- Loans against Securities	296.43	324.32
- Loans to Automobile dealers	424.61	1,120.07
- Bills Discounting	1,567.01	1,643.59
- Other Loans	1,557.20	993.96
- Interest spread on assignment/securitisation	31,084.32	21,028.26

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

For the year ended March 31, 2018

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 18 REVENUE FROM OPERATIONS (Contd.)		
ii) Other Operating Revenue		
- Automobile Financing	43,555.44	30,934.40
- Loans against Immovable Property	7,735.66	6,321.05
- Construction Equipment Financing	612.21	367.37
- Other Loans	250.70	298.32
(b) Stock broking, Depository Operations and Allied Services	1,889.90	1,427.40
(c) Retail Distribution Operations - Commission	668.06	657.30
(d) Freight Income	5,011.44	1,069.95
(e) Interest Income		
- Deposits placed as collateral towards assets derecognised	4,950.46	4,939.85
- Other Deposits	76.45	168.63
- Long Term Investment - Pass Through Certificates	1,388.61	173.25
Total (A)	**5,43,561.18**	**4,66,606.63**
Other Operating Income		
(f) Profit on sale of current investments	1,098.08	1,474.85
(g) Servicing and Collection fee on Securitisation / Assignment	1,321.99	1,191.42
(h) Advertising Income	3,948.13	-
(i) Others	134.52	74.66
Total (B)	**6,502.72**	**2,740.93**
Total (A+B)	**5,50,063.90**	**4,69,347.56**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 19 OTHER INCOME		
Dividend Income from long-term investments	18.45	10.46
Rent	26.23	18.24
Miscellaneous Income	17.86	307.89
	62.54	**336.59**
19.1) Miscellaneous Income includes: Liability no longer required written back	-	12.16

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 20 FINANCE COSTS		
Interest Expense		
- Debentures	1,34,152.08	1,03,051.55
- Bank Loans	71,065.68	91,160.12
- Other Loans	-	0.49
- Commercial Papers	21,514.69	24,937.03
Others		
- Amortisation of ancillary borrowing costs	2,341.14	2,642.05
- Bank charges	1,447.12	1,001.15
	2,30,520.71	**2,22,792.39**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 21 EMPLOYEE BENEFIT EXPENSES		
Salaries, Bonus and Commission (Refer Note 28 b)	49,033.62	36,613.30
Contribution to Provident and Other Funds		
Employees' Provident Fund	1,885.14	1,461.75
Superannuation Fund	207.65	186.77
Gratuity Expense (Refer Note 28 a)	581.11	1,348.42
Staff Welfare Expenses	2,450.95	1,798.95
	54,158.47	**41,409.19**

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 22 OTHER EXPENSES		
Rent (Refer Note 22.1 & 22.2)	4,892.93	3,728.52
Electricity Charges	1,131.30	928.75
Rates and Taxes (Refer Note 22.3)	2,455.73	6,854.37
Communication Cost	2,341.38	2,094.93
Traveling and Conveyance	6,320.08	4,254.16
Advertisement Expenses	863.28	774.77
Business Development Expenses	43.05	31.00
Insurance	932.29	656.49
Repairs and Maintenance		
- Buildings	3.60	13.71
- Others	223.39	223.43
Printing and Stationery	1,133.93	957.35
Information Technology Expenses	3,065.01	2,209.17
Auditors' Remuneration (Refer Note 27)	121.49	106.19
Professional Charges	3,656.04	2,856.18
Loss on Sale of Fixed Assets (Net)	6.19	-
Commission to Directors	27.82	52.50
Sitting Fees to Directors	20.29	28.05
Recovery Charges	16,730.45	12,534.11
Corporate Social Responsibility Expenditure (Refer Note 22.4)	1,768.96	1,397.54
Management Fee	-	-
Freight charges	4,753.22	987.73
Miscellaneous Expenses	236.31	453.78
	50,726.74	41,142.73
Less : Expenses Recovered	(235.82)	(77.72)
	50,490.92	**41,065.01**
22.1 Lease equalisation charge included in Rent	267.62	89.87
22.2 Cancellable operating lease entered for office space included in Rent	4,625.31	3,638.65
22.3 Rates and Taxes include -		
Service Tax	1,068.99	2,882.01
Value added tax	191.15	3,144.99
22.4 Amount qualifying as CSR exepnse u/s 135 (5) of Companies Act , 2013	1,768.96	1,397.54

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

For the year ended March 31, 2018

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 23 PROVISIONS AND LOAN LOSSES		
Loss Assets Written Off (Net)	9,688.12	5,853.88
Provision/Loss on Repossessed Assets(Net)	17,109.59	20,263.75
Provision for Non-Performing Assets (Refer Note 2 a & 32)	29,669.65	28,465.92
Provision Released for Non-Performing Assets on recovery/write off (Refer Note 32)	(25,262.88)	(19,708.93)
Total	31,204.48	34,874.62
(Reversal)/Provision for Standard Assets (Net) (Refer Note 32)	3,624.87	(3,311.28)
Provision for other doubtful debts and advances	17.00	30.07
Loss on sale of shares held as stock in trade (Net)	1.13	2.00
Provision for Dimunition in value of Investment	129.04	-
	34,976.52	**31,595.41**

NOTE : 24 **a)** Share application money pending allotment as at March 31, 2017 represents amount received towards 10,261 equity shares of the Company pursuant to ESOP scheme and have been subsequently alloted.

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 24 b) EARNINGS PER SHARE		
Profit After Tax (₹ in lakhs)	**97,542.37**	**71,942.96**
Less: Preference Dividend (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**97,542.37**	**71,942.96**
Weighted Average Number of Equity Shares (Basic)	15,62,99,308	15,62,24,388
Add: Dilutive effect relating to ESOP/CCPS	1,54,853	64,382
Weighted Average Number of Equity Shares (Diluted)	15,64,54,161	15,62,88,770
Earnings per Share - Basic (₹)	**62.41**	**46.05**
Earnings per Share - Diluted (₹)	**62.35**	**46.03**
Face Value Per Share (₹)	10	10

Note:

Earnings per Share calculations are done in accordance with Accounting Standard 20 "Earnings per Share".

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
NOTE : 25 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	31	30
Outstanding securitised Assets in books of SPV	5,82,310.57	5,48,230.24
Less: Collections not yet due to be remitted to SPV*	25,988.32	24,846.33
Outstanding securitised Assets as per books	5,56,322.25	5,23,383.91
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss		
• Others	35,578.97	28,553.77
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	59,648.23	67,222.61
• Others		
i) Second Loss – Cash Collateral		
ii) Investment in PTC	24,602.43	16,886.24
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	10,22,845.54	8,78,067.48

* Excludes interest collected from customers on securitised assets.

b) On Bilateral assignment

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Number of Assignment Transactions	3	3
Outstanding Assigned Assets in books of Assignee	69,045.00	1,06,326.68
Less: Collections not yet due to be remitted to Assignee#	1,953.83	3,376.32
Outstanding Assigned Assets as per books	67,091.16	1,02,950.36
Total amount of exposure		
a) Off Balance Sheet Exposure	-	-
• First Loss	-	-
• Others		
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral		
• Others	7,454.57	11,438.93
Book value of Assets sold	1,85,429.64	1,85,429.64

Excludes interest collected from customers on assigned assets.

₹ in lakhs

Particulars		As at 31.03.2018	As at 31.03.2017
NOTE : 26 DETAILS OF OUTSTANDING DERIVATIVES			
(i)	Outstanding Derivatives: (Notional principal amount)		
	For hedging (Currency & Interest rate derivatives)	3,01,500.00	2,37,400.00
(ii)	Marked to Market positions – Asset / (Liability)	(7,055.77)	(10,102.59)
(iii)	Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

Cross Currency Interest rate swaps - Hedge against exposure to variable interest outflow on foreign currency loans.

₹ in lakhs

Particulars	Year ended 31.03.2018		Year ended 31.03.2017
	Current auditor	Previous auditor	
NOTE : 27 AUDITORS' REMUNERATION			
Statutory Audit	48.10	-	48.10
Interim Audit & Limited Review	13.50	4.50	22.60
Tax Audit	1.35	4.00	5.35
Other Services	35.85*	8.8	28.35
Reimbursement of Expenses(incl. input tax credit expensed)	4.48	0.91	1.79
Total	**103.28**	**18.21**	**106.19**

* Represents professional charges in connection with establishment of Medium Term Note programme in Singapore Stock Exchange - SGX.

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 28 a) GRATUITY		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the Beginning of the year	2,594.89	1,324.24
Current Service Cost	579.83	354.03
Interest Cost	178.88	105.84
Actuarial Losses	24.92	995.65
Adjustments	(14.29)	-
Benefits Paid	(212.36)	(184.87)
Projected Benefit Obligation at the end of the year	**3,151.87**	**2,594.89**
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the year	1,497.75	1,151.29
Expected Returns on Plan Assets	112.26	92.04
Actuarial Losses	90.26	15.06
Employer's Contribution	2,006.59	424.23
Benefits Paid	(212.36)	(184.87)
Adjustments	(14.81)	-
Fair Value of Plan Assets at the end of the year	**3,479.69**	**1,497.75**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets at the End of the year	3,479.69	1,497.75
Liability at the End of the year	3,151.87	2,594.89
Amount Recognised in the Balance Sheet under Note 13- Loans and Advances/Note 8 – Other Current Liabilities	**327.82**	**(1,097.14)**
Cost of the Defined Benefit Plan for the year		
Current Service Cost	579.83	354.03
Interest on Obligation	178.88	105.84
Expected Return on Plan Assets	(112.26)	(92.04)
Net Actuarial Losses Recognized in the year	(65.34)	980.59
Net Cost Recognised in the Statement of Profit and Loss Note 21 - Employee benefits expenses	**581.11**	**1,348.42**
Assumptions		
Discount Rate	6.90% p.a.	6.90% p.a.
Future Salary Increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior Management	13%/17%/33% p.a.	13%/17%/33% p.a.
- Middle Management	13%/17%/33% p.a.	13%/17%/33% p.a.
- Others	13%/17%/33% p.a.	13%/17%/33% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Other Disclosures:

₹ in lakhs

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Projected Benefit Obligation	3,151.87	2,594.89	1,324.24	1,065.86	840.08
Fair Value of Plan Assets	3,479.69	1,497.75	1,151.29	861.70	831.73
Surplus/(Deficit)	**327.82**	**(1,097.14)**	**(172.95)**	**(204.16)**	**(8.35)**

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2017-18	2016-17	2015-16
Actuarial Loss on Obligations	24.92	995.65	292.29
Actuarial (Gain)/Loss on Plan Assets	90.26	15.06	(4.13)

Notes:

1. The entire plan assets are managed by LIC and the data on plan assets as on March 31, 2018 and March 31, 2017 have not been furnished.
2. The details of Experience adjustments have been disclosed to the extent of information available.
3. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
4. Estimated amount of contribution to the funds during the year ended March 31, 2018 as estimated by the management is ₹ 230.69 lakhs (March 31, 2017 – ₹ 1,962.28 lakhs).
5. 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.

₹ in lakhs

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
NOTE : 28 b) COMPENSATED ABSENCES		
Details of Actuarial Valuation		
Projected Benefit Obligation at the beginning of the year		
Balance as at the beginning of the year	**1,530.81**	**1,232.20**
Current Service Cost	1,103.33	261.92
Interest Cost	104.37	98.02
Actuarial Losses	50.82	94.31
Benefits Paid	(219.37)	(155.64)
Projected Benefit Obligation at the end of the year under Note 7- Provisions	**2,569.96**	**1,530.81**
Cost of the Defined Benefit Plan for the year		
Current Service Cost	1,103.33	261.92
Interest on Obligation	104.37	98.02
Actuarial Losses Recognised in the year	50.82	94.31
Net cost recognised in the Statement of Profit and Loss	**1,258.52**	**454.25**
Note 21- Employee benefits expenses		
Assumptions		
Discount Rate	6.90% p.a.	6.90% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior Management	13%/17%/33% p.a.	13%/17%/33% p.a.
- Middle Management	13%/17%/33% p.a.	13%/17%/33% p.a.
- Others	13%/17%/33% p.a.	13%/17%/33% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Other Disclosures:

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2017-18	2016-17	2015-16
Actuarial Loss on Obligations	50.82	94.31	57.33

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2018.
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.
4. The details of Experience adjustments have been disclosed to the extent of information available.

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

For the year ended March 31, 2018

NOTE : 29 SEGMENTAL REPORTING

The Management has identified the following reportable segments:

₹ in lakhs

	Financing		Others (*)		Eliminations		Consolidated Total	
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
REVENUE								
External Revenue	5,42,325.55	4,65,926.46	7,738.35	3,421.11	-	-	5,50,063.90	4,69,347.57
Inter-segment Revenue	207.37	28.83	283.42	301.39	(490.79)	(330.22)	-	-
Total Revenue	**5,42,532.92**	**4,65,955.29**	**8,021.77**	**3,722.50**	**(490.79)**	**(330.22)**	**5,50,063.90**	**4,69,347.57**
RESULT								
Segment Result	1,47,840.25	1,09,978.21	473.54	428.57	-	-	1,48,313.79	1,10,406.78
Other Income	-	-	-	-	-	-	62.54	336.42
Net Profit Before Tax	-	-	-	-	-	-	1,48,376.33	1,10,743.20
Other Information								
Segment Assets	38,92,317.27	30,09,338.65	12,306.64	6,224.25	-	-	39,04,623.91	30,15,562.90
Unallocated Corporate Assets	-	-	-	-	-	-	52,212.94	44,260.27
Total Assets	**38,92,317.27**	**30,09,338.65**	**12,306.64**	**6,224.25**	**-**	**-**	**39,56,836.85**	**30,59,823.17**
Segment Liabilities	34,35,431.62	26,27,137.48	4,915.82	2,694.68	-	-	34,40,347.44	26,29,832.16
Unallocated Corporate Liabilities	-	-	-	-	-	-	38.21	199.87
Total Liabilities	**34,35,431.62**	**26,27,137.48**	**4,915.82**	**2,694.68**	**-**	**-**	**34,40,385.65**	**26,30,032.03**
Capital Expenditure	7,117.59	5,650.77	163.98	161.44	-	-	7,281.57	5,812.21
Depreciation and amortisation	4,967.95	3,811.34	117.76	90.27	-	-	5,085.71	3,901.61
Other Non Cash Expenditure	35,643.60	32,326.45	5.73	(185.88)	449.29	-	36,098.62	32,140.57

(*) Consists of Distribution, Stock Broking and Freight Data Solutions business.

NOTE : 30 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Entity having significant influence over the Company :** TI Financial Holdings Limited(formerly known as Tube Investments of India Limited)
- **Key Managerial Personnel :** Mr. Vellayan Subbiah, Managing Director (upto August 18, 2017) and
  Mr. N. Srinivasan, Executive Vice Chairman & Managing Director (from August 19, 2017);
  Mr. Arun Alagappan, Executive Director (from August 19, 2017)

Additional related parties as per Companies Act, 2013:

- Mr. D. Arulselvan, Chief Financial Officer;
- Ms. P. Sujatha, Company Secretary

Note:

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

NOTE : 30 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Nature of Transaction		Year ended 31.03.2018	Year ended 31.03.2017
a)	**TI Financial Holdings Limited (formerly known as Tube Investments of India Limited)**		
	Dividend Payments		
	- Equity shares	3,250.49	3,972.81
	Rent (including hiring) receipts	-	13.91
	Expenses - Reimbursed	44.92	-
	Receipts for services rendered	-	171.46
	Net Amount Receivable/(Due) as at period/year end		
	Rental deposit	-	(0.90)
	Others	-	53.98
		Year ended 31.03.2018	**Year ended 31.03.2017**
b)	**Key Managerial Personnel**		
	Vellayan Subbiah - Managing Director (upto August 18, 2017)		
	Remuneration	171.20	402.53
	Dividend Payments	4.91	13.50
	N Srinivasan - Managing Director (from August 19, 2017)		
	Remuneration	253.12	Not applicable
	Dividend Payments	1.12	Not applicable
	Arun Alagappan - Executive Director (from August 19, 2017)		
	Remuneration	197.30	Not applicable
	Dividend Payments	8.55	Not applicable
	D Arul Selvan - Chief Financial Officer		
	Remuneration	105.57	105.57
	Dividend Payments	0.88	0.88
	Rental payments	2.40	2.40
	P Sujatha - Company Secretary		
	Remuneration	93.77	93.77
	Dividend Payments	1.12	1.12
	Rental Payments	2.40	2.40

NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Second loss credit enhancement facility towards securitisation transactions:

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Counter Guarantees provided to Banks	35,578.97	28,553.77

NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

(b) Contested Claims Not Provided for:

₹ in lakhs

Particulars	As at 31.03.2018	As at 31.03.2017
Income tax and Interest on Tax issues where the Group is in appeal	15,576.82	30,849.56
Decided in the Group favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	12.99	12.99
Service Tax issues pending in respect of which the Group is under appeal	13,770.47	13,761.92
Sales Tax issues pending before Appellate Authorities in respect of which the Group is in appeal (payment made under protest is respect of above is included under loans and advances – Note 13)	4,992.06	2,843.31
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,625.00	1,625.00
Bank Guarantees provided to customers	60.00	-
Order in respect of alleged violations of the provisions of SEBI Act	7.00	7.00
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	8,061.86	6,293.80

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.

(c) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 435.29 lakhs (March 31, 2017 - ₹ 997.26 lakhs)

NOTE : 32 CHANGES IN PROVISIONS

Particulars	As at 31.03.2017	Additional Provision	Utilisation/ Reversal	As at 31.03.2018
Provision for Standard Assets (Refer Note 2 a)	10,883.96	3,628.58	-	14,512.54
Provision for Non-Performing Assets (Refer Note 2 a)	51,159.23	29,669.65	25,262.88	55,566.00
Contingent Service Tax Claims	729.37	-	-	729.37
Provision for Claw back Commission	6.74	13.40	20.14	-
Provision for Contingencies	2,947.54	-	-	2,947.54

NOTE : 33 EMPLOYEE STOCK OPTION PLAN

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 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Stock Option Scheme -2007.

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 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.

ESOP 2007

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No.								Vested	Yet to vest
1	Original	30-07-07	193.40	30-07-08	765,900	1,30,168	6,35,732	-	-
	CAA *	25-01-08	178.70	-	54,433	10,096	44,337	-	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	162,800	29,162	133,638	-	-
4	Original	25-04-08	191.80	25-04-09	468,740	1,57,785	310,955	300	-
5	Original	30-07-08	105.00	30-07-09	10,070	8,579	1,491	-	-
6	Original	24-10-08	37.70	24-10-09	65,600	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	294,600	2,31,162	63,438	15,625	-
Tr II	Original	27-01-11	187.60	27-01-12	209,700	1,63,155	40,569	5,976	-
8	Original	30-04-11	162.55	30-04-12	113,400	67,203	46,197	14,357	-
9	Original	28-07-11	175.35	28-07-12	61,800	29,544	32,256	-	-
10	Original	27-10-11	154.55	27-10-12	195,680	1,45,192	50,488	8,036	-

* CAA- Corporate Action Adjustment

ESOP 2016

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No.								Vested	Yet to vest
1	Original	25-01-17	1,010.00	25-01-18	5,71,000	20,167	28,180	88,397	522,653
2	Original	30-01-18	1,309.70	30-01-18	55,920	-	-	-	55,920
3	Original	30-01-18	1,309.70	30-01-18	26,940	-	-	-	26,940

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent consultant.

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

For the year ended March 31, 2018

NOTE : 33 EMPLOYEE STOCK OPTION PLAN (Contd.)

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

ESOP 2007

Variables						
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
30-Jul-07	7.10% - 7.56%	3 - 6 years	40.64% - 43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% - 7.98%	3 - 6 years	41.24% - 43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% - 7.10%	3 - 6 years	44.58% - 47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5 - 5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5 - 5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5 - 5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options. The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the year ended March 31, 2018 is ₹ Nil (March 31, 2017 - ₹ 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

NOTE : 33 EMPLOYEE STOCK OPTION PLAN (Contd.)

ESOP 2016

Variables						
Date of Grant	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
25-01-17	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29
30-01-18	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	496.82
30-01-18	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	531.84

NOTE : 34 SHARING OF COSTS

The Company and its subsidiaries shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Group Companies on a basis mutually agreed to between them, which has been relied upon by the Auditors.

NOTE : 35 PREVIOUS YEAR'S FIGURES

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable. Previous year's figures have been audited by predecessor auditor.

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

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

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

M.B.N. Rao
Chairman

Date : April 23, 2018
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

N. Srinivasan
Executive Vice Chairman & Managing Director

AUDITED
STANDALONE AND CONSOLIDATED
FINANCIAL STATEMENTS
2016- 2017

Independent Auditor's Report

TO THE MEMBERS OF

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by 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 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit 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.

   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, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) 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 financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts;

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

      iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016; and such disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Place : Chennai
Date : April 28, 2017

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 and the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No.: 008072S

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Place : Chennai
Date : April 28, 2017

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged in favour of Trustees for the benefit of debenture holder as security for 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 does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans, to a company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 as amended, as applicable to the Company, with regard to the deposits accepted from the public prior to November 1, 2006. However, in respect of overdue amounts to totalling to ₹ 0.11 lakhs, payments have not been made as per instructions received from the Central Bureau of Investigation. Other than the above, according to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	**Nature of Dues**	**Forum where Dispute is Pending**	**Period to which the Amount Relates (Financial Year)**	**Amount Involved ₹ in lakhs**
Income Tax Act, 1961	Tax and Interest	Commissioner of Income Tax (Appeals)	2008-09, 2009-10, 2011-12, 2012-13, 2013-14	22,454.00
Income Tax Act, 1961	Tax and Interest	Appellate Tribunal (ITAT)	1990-91, 1991-92, 2003-04	12.99
Tamil Nadu General Sales Tax Act, 1959	TNGST	Madras High Court	1995-96	986.98
Tamil Nadu VAT Act, 2006	Sales Tax	Tamil Nadu Sales Tax Appellate Tribunal	2006-07 to 2013-14	1208.80
Tamil Nadu VAT Act, 2006	Sales Tax	Joint Commissioner of Commercial Taxes	2014-15	64.90
Central Sales tax Act, 1956	Sales Tax	Sales Tax Appellate Tribunal	1995-96	11.83
Bihar Finance Act, 1981	Sales Tax	Sales Tax Appellate Tribunal	1993-94 and 1994-95	2.19
Gujarat Sales Tax Act, 1969	Sales Tax	Sales Tax Appellate Tribunal	1997-98	2.03
Delhi Sales Tax Act, 1975	Sales Tax	Deputy Commissioner of Sales Tax	1990-91	7.58
Odisha VAT Act, 2004	Sales Tax	Joint Commissioner of Sales Tax (Appeals)	2006-2011	42.00
Odisha VAT Act, 2004	Sales Tax	Odisha Sales Tax Appellate Tribunal	February 2012 to March 2014	268.56
Karnataka Sales Tax Act	Sales Tax	Karnataka Sales Tax Liability	2006-07 to 2012-13	357.46

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

Annexure "B" to the Independent Auditor's Report (Contd.)

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-I of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Place : Chennai
Date : April 28, 2017

Balance Sheet

As at March 31, 2017

₹ in lakhs

	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	15,634.29	15,621.10
Reserves and surplus	4	4,15,632.92	3,50,117.20
		4,31,267.21	**3,65,738.30**
Share Application Money pending Allotment	23 a	**18.13**	**2.51**
Non-current liabilities			
Long-term borrowings	5	15,10,457.38	10,93,473.00
Other long-term liabilities	6	19,692.59	8,201.94
Long-term provisions	7	58,620.67	49,277.22
		15,88,770.64	**11,50,952.16**
Current liabilities			
Short-term borrowings	5	3,36,664.03	3,97,441.64
Trade payables			
i) Dues to Micro and Small Enterprises	27	-	-
ii) Other Trade payables		27,512.50	19,639.32
Current maturities of long-term borrowings	5	5,73,556.33	7,66,707.00
Other current liabilities	8	1,05,681.89	72,825.20
Short-term provisions	7	8,643.70	15,524.92
		10,52,058.45	**12,72,138.08**
TOTAL		**30,72,114.43**	**27,88,831.05**
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		11,812.68	10,541.35
(ii) Intangible assets		2,195.43	590.95
		14,008.11	**11,132.30**
Non-current investments	10	19,244.33	6,468.30
Deferred tax assets (Net)	11	31,515.64	28,149.34
Receivables under financing activity	12	19,93,995.69	18,18,765.84
Long-term loans and advances	13	11,723.34	6,716.24
Other non-current assets	14	54,156.06	44,851.18
		21,24,643.17	**19,16,083.20**
Current assets			
Current investments	15	4,610.21	188.70
Cash and cash equivalents	16	48,697.95	49,047.18
Receivables under financing activity	12	8,47,526.00	7,72,247.07
Short-term loans and advances	13	5,110.27	3,732.67
Other current assets	14	41,526.83	47,532.23
		9,47,471.26	**8,72,747.85**
TOTAL		**30,72,114.43**	**27,88,831.05**

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

Bhavani Balasubramanian
Partner

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Statement of Profit and Loss

For the year ended March 31, 2017

₹ in lakhs

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
- Revenue from operations	17	4,65,955.28	4,19,246.60
- Other income	18	79.45	123.93
Total Revenue		**4,66,034.73**	**4,19,370.53**
Expenses			
- Finance costs	19	2,23,079.96	2,05,077.61
- Business origination outsourcing		17,841.95	22,582.64
- Employee benefits expense	20	40,264.41	25,394.80
- Other operating expenses	21	39,416.09	34,381.89
- Depreciation and amortisation expense	9	3,811.34	2,133.13
- Provisions and loan losses	22	31,063.34	42,723.77
Total Expenses		**3,55,477.09**	**3,32,293.84**
Profit before tax		**1,10,557.64**	**87,076.69**
Tax expense/(benefit)			
- Current tax			
- Current year		41,804.93	40,018.79
- Prior years		245.47	-
- Deferred tax	11	(3,366.30)	(9,787.21)
Net tax expense		38,684.10	30,231.58
Profit for the year		**71,873.54**	**56,845.11**
Earnings per equity share of ₹ 10 each	23 b		
- Basic		46.01	37.50
- Diluted		45.99	37.46

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

Bhavani Balasubramanian
Partner

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Cash Flow Statement

For the year ended March 31, 2017

₹ in lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Cash Flow from Operating Activities				
Profit Before Tax		**1,10,557.64**		**87,076.69**
Adjustments for :-				
Depreciation and amortisation expense	3,811.34		2,133.13	
Provisions/(reversal of provisions) - Long-Term				
- Standard Assets (Net)	586.46		3,313.30	
- Non-Performing Assets under Financing Activity (Net)	8,756.99		14,474.14	
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	-		(565.88)	
- Diminution in Value of Investments	(500.00)		-	
Provisions/(reversal of provisions) - Short-Term				
- Standard Assets (Net)	(3,897.74)		4,359.59	
- Compensated Absences(Net)	289.18		148.95	
- Contingencies	486.00		2,461.54	
Loss on Repossessed Assets (Net)	20,263.75		20,158.66	
Loss assets written off	5,853.88		868.66	
Finance Costs	2,23,079.96		2,05,077.61	
Loss on Sale of Fixed Assets (Net)	0.91		32.53	
Liability no longer required written back	(12.07)		(43.55)	
Profit on Sale of Current Investments (Net)	(1,281.90)		(709.02)	
Gain on prepayment of Commercial paper and Debentures (Net)	-		(84.26)	
Interest Income on deposits	(5,038.45)		(5,465.29)	
Interest Income on Investments	(173.25)		(26.87)	
		2,52,225.06		**2,46,133.24**
Operating Profit Before Working Capital Changes		**3,62,782.70**		**3,33,209.93**
Adjustments for :-				
(Increase)/Decrease in operating Assets - Current/short-term				
- Receivables under Financing Activity (including Repossessed Assets)	(5,74,843.78)		(4,24,308.75)	
- Other Current Assets	4,643.35		(2,566.10)	
- Loans and advances	(2,377.60)	(5,72,578.03)	(1,774.17)	(4,28,649.02)
(Increase)/Decrease in operating Assets - Non Current/Long-term				
- Receivables under Financing Activity	(1,75,229.85)		(2,71,968.92)	
- Other Non Current Assets	(9,965.01)		14,704.49	
- Loans and advances	(259.79)	(1,85,454.65)	370.83	(2,56,893.60)
Securitisation / Assignment of Receivables		4,74,101.53		3,01,696.74
Increase/(Decrease) in operating liabilities				
- Current & Short-term liabilities		16,228.59		7,206.94
- Long-term liabilities		10,083.27		51.21
Cash Flow generated used in Operations		1,05,163.41		(43,377.80)
Finance Costs paid	(1,95,779.47)		(2,04,399.17)	
Interest Received on Bank Deposits and Other Investments	5,190.88		5,568.45	
Profit on Sale of Current Investments (Net)	1,281.90		709.02	
Direct Taxes Paid	(47,890.98)	(2,37,197.67)	(39,865.19)	(2,37,986.89)
Net Cash Used in Operating Activities (A)		**(1,32,034.26)**		**(2,81,364.69)**

Cash Flow Statement (Contd.)

For the year ended March 31, 2017

₹ **in lakhs**

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Cash Flow from Investing Activities				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	1,137.70		(7,363.34)	
Purchase of Fixed Assets	(5,650.77)		(7,541.80)	
Proceeds from Sale of Fixed Assets	55.97		111.85	
Long-term investment in Subsidiaries	-		(800.00)	
Inter corporate Deposit placed with subsidiary	1,000.00		-	
Purchase of Other Investments	(28,09,000.00)		(12,21,800.00)	
Proceeds from Other Investments	27,92,302.46		12,22,691.02	
Net Cash Used in Investing Activities (B)		**(20,154.64)**		**(14,702.27)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		254.79		274.60
Proceeds from issue of long-term debentures	7,41,800.00		2,63,080.00	
Redemption of long-term debentures	(1,74,040.00)		(1,75,290.00)	
Borrowing - Term Loan from Banks	4,15,900.33		3,93,500.00	
Repayment - Term Loans from Banks	(7,57,176.63)		(3,01,150.00)	
Proceeds from Inter - Corporate Deposits - Subsidiary	1,050.00		1,000.00	
Repayment of Inter - Corporate Deposits - Subsidiary	-		(500.00)	
Increase / Decrease in short-term borrowings	(64,477.60)	1,63,056.10	1,29,457.62	3,10,097.62
Decrease in Fixed Deposits		(1.08)		(7.21)
Dividends Paid (Including Distribution Tax)		(10,332.44)		(6,679.79)
Net Cash From Financing Activities (C)		**1,52,977.37**		**3,03,685.22**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**788.47**		**7,618.26**
Cash and Cash Equivalents at the Beginning of the Year		26,615.83		18,997.57
Cash and Cash Equivalents at the End of the Year		27,404.30		26,615.83
Note:				
Cash and Cash Equivalents at the End of the Year as per Balance Sheet		48,697.95		49,047.18
Less: Balance in Current Accounts held for Unpaid Dividends		46.35		36.33
Less: Bank Deposits held for More than Three Months		2,172.28		451.09
Less: Bank Deposits under Lien		19,075.02		21,943.93
		27,404.30		26,615.83

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

Bhavani Balasubramanian
Partner

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Cholamandalam Investment and Finance Company Limited ("the company") is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans and corporate mortgage loans. The company through its subsidiaries, is also engaged in the business of broking, distribution of financial products and freight data solutions.

1. Significant Accounting Policies

a) Basis of accounting and preparation of Financial Statements

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 133 of the Companies Act 2013 and Companies (Accounting Standard) Amendment Rules 2016, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

b) Use of Estimates

Preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised prospectively in the periods in which the results are known.

c) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and 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. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d) Revenue Recognition

Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the loan contracts. In the case of Non-Performing Loans, interest income is recognised upon realisation, as per the RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non Performing.

Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per the RBI Guidelines.

Loss, if any, in respect of securitisation and assignment is recognised upfront.

Service Charges are recognised on issue of delivery instruction to the dealer/manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

Additional interest, cheque bounce charges, field visit charges and other penal / servicing charges are recognised as income on realisation due to uncertainty in their collection.

Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.

Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

Dividend Income is recognised when the right to receive dividend is established.

e) Fixed Assets, Depreciation and Impairment

Tangible fixed assets/Depreciation:

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Useful life of assets as per Schedule II:

Asset Description	Estimated Useful Life
Buildings	60 years
Plant and Machinery -Computer Equipment	3 years
Office Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on the Management's estimation:

Asset Description	Estimated Useful Life
Plant and Machinery -Others*	5 years
Furniture and Fixtures*	5 years
Vehicles*	5 years

*Estimated useful life of these assets is based on usage and replacement policy of such assets.

Assets individually costing less than or equal to ₹ 5,000 are fully depreciated in the year of acquisition.

Intangible assets / Amortisation:

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised over their estimated useful life on the straight-line method as follows:

Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License Period or 3 years, whichever is lower

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The carrying amount of 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 net selling price of the assets and its value in use.

f) Investments

Investments which are long-term in nature are stated at cost. Provisions made for diminution in value, if it is of nature other than temporary.

Current investments are individually valued at the lower of cost and fair value.

Cost of investments include acquisition charges such as brokerage, fees and duties.

g) Receivables under Financing Activity, Provisioning and De-recognition

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off:

(i) Unearned income

(ii) Instalments appropriated up to the Balance Sheet date

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending, subject to the minimum provisioning requirements specified by the RBI.

Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity, subject to the minimum provisioning requirements specified by the RBI.

The company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

h) Repossessed Assets

Repossessed Assets are valued at the lower of cost and the estimated net realisable value.

i) Retirement and Other Benefits

(i) Defined Contribution Plans:

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family Pension Fund, based on the statutory provisions as per the Employee Provident Fund Scheme. The company has no liability for future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Employees' State Insurance: The company contributes to Employees State Insurance Scheme and recognises 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 recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(ii) Defined Benefit Plan

Expenditure for defined benefit gratuity plan is calculated as at the Balance Sheet date in a manner that distributes expenses over the employees working lives. These commitments are valued at the present value of expected future payments and with consideration for calculated future salary increases.

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 by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

(iii) Long-term compensated absences

The company treats its liability for long-term compensated absences based on actuarial valuation as at the Balance Sheet date, determined by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

While the long-term compensated absences is treated as long-term employee benefit for measurement purpose, it is presented as current provision in the Balance Sheet since the company does not have an unconditional right to defer its settlement for 12 months after its reporting date.

(iv) Other-short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

j) Foreign Currency Transactions

The company translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian

Rupees at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising on the settlement of monetary items or on reporting the company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

The company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the period.

k) Derivative Accounting

The company enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

l) Hedge Accounting

The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

m) Lease Accounting

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

n) Business Origination and Outsourcing

Business origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period incurred.

o) Service Tax Input Credit

Service Tax Input Credit is accounted for in the books in the period when the underlying service received is accounted and when there is no uncertainty in availing / utilising the same.

p) Taxation

Income Tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred Tax: Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date..

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Statement of Profit and Loss.

q) Employee share based payments

In respect of stock options granted pursuant to the company's Employee Stock Option Schemes, the company determines the compensation cost based on the intrinsic value method and it is amortised on a straight-line basis over the vesting period.

r) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for –

(i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

s) Segment Reporting

The company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

t) Finance Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Discount on commercial papers and zero Coupon bonds is amortised over the tenor of the underlying instrument. Premium payable on redemption of debentures is accrued over the tenor of the debentures.

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

u) Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account.

The balance of Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

v) Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary-items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

w) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Operating Cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current. All Non-performing assets are classified as Non-Current.

2. a) Early adoption of Provision for Non-performing assets and Standard assets

The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016.

In the previous year (March 31, 2016), the company had early adopted the provisioning for standard assets to the extent they are required to be complied by March 31, 2018 and the revised asset classification norms to the extent they are required to be complied by March 31, 2017. Further, on a prudent basis, the company had created a one-time additional provision of ₹ 5,480 lakhs in previous year against standard assets.

In the current year (March 31, 2017), the company has early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2018.

b) Pursuant to the MCA notification dated March 30, 2017, Accounting Standards 4, Contingencies and Events occurring after the Balance Sheet date, has been revised to state that the dividends declared after the balance sheet date but before the financial statements are approved are not recognised as a provision at the balance sheet date, as there is no obligation existing as that date.

c) Disclosure pursuant to Ministry of Corporate Affairs Notification No. 17/62/2015-CL-V (Vol. I)dated March 30, 2017

₹ in lakhs

Particulars	Specified Bank Notes	Other denomination notes*	Total
Closing cash in hand as on 08.11.2016	154.22	4.57	158.79
(+) Permitted receipts	-	39,103.76	39,103.76
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	154.22	38,931.61	39,085.83
Closing cash in hand as on 30.12.2016	-	176.72	176.72

*Includes amount directly deposited by borrowers into company's bank accounts.

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
NOTE : 3 SHARE CAPITAL	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹ 10 each with voting rights	24,00,00,000	24,000.00	24,00,00,000	24,000.00
Preference Shares of ₹ 100 each	5,00,00,000	50,000.00	5,00,00,000	50,000.00
		74,000.00		**74,000.00**
ISSUED				
Equity Shares of ₹ 10 each with voting rights	15,64,14,287	15,641.43	15,62,82,398	15,628.24
1% Compulsorily Convertible Preference Shares (CCPS) of ₹ 100 each - (Fully converted on September 2, 2015 into 1,22,85,012 equity shares)		-		-
		15,641.43		**15,628.24**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 10 each with voting rights	15,62,77,533	15,627.75	15,61,45,644	15,614.56
Add : Forfeited Shares	1,30,900	6.54	1,30,900	6.54
		15,634.29		**15,621.10**

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

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
Equity Shares (Note (b)(i))	**Nos.**	**Amount**	**Nos.**	**Amount**
At the beginning of the year	15,61,45,644	15,614.56	14,36,69,203	14,366.92
Conversion of CCPS	-	-	1,22,85,012	1,228.50
Issued during the year - Employees Stock Option (ESOP) Scheme	1,31,889	13.19	1,91,429	19.14
Outstanding at the end of the year	**15,62,77,533**	**15,627.75**	**15,61,45,644**	**15,614.56**
Forfeited shares				
Equity Shares - Amount originally paid up	**1,30,900**	**6.54**	**1,30,900**	**6.54**
1% Compulsory Convertible Preference Shares (Note (b)(ii))				
At the beginning of the year	-	-	5,00,00,000	50,000.00
Issued during the year on preferential basis	-	-	-	-
Conversion of CCPS into Equity Shares	-	-	(5,00,00,000)	(50,000.00)
Outstanding at the end of the year	**-**	**-**	**-**	**-**

b) (i) Terms/rights attached to Equity shares

The company has only one class of equity shares having a par value of ₹ 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) (ii) Terms/rights attached to Preference shares

The CCPS have been converted into 1,22,85,012 equity shares of ₹ 10 each on September 2, 2015 at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share) and have been subscribed by Dynasty Acquisition (FDI) Ltd. The preferential dividend is cumulative and paid in full upto the conversion date.

c) Equity Shares held by Holding/Entity having Significant influence over the company

Particulars	As at March 31, 2017	As at March 31, 2016
Tube Investments of India Limited - Holding company upto August 31, 2015 and Entity having Significant influence over the company from September 01, 2015	7,22,33,019	7,22,33,019

d) Details of shareholding more than 5% shares in the company

Equity Shares

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	7,22,33,019	46.22	7,22,33,019	46.27
Dynasty Acquisitions FDI Limited	-	-	1,22,85,012	7.87

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.

e) Shares reserved for issue under options

Refer Note 34 for details of shares reserved for issue under options.

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 4 RESERVES AND SURPLUS		
Capital Reserve	**3.97**	**3.97**
Capital Redemption Reserve (Refer Note 4.1)	**3,300.00**	**3,300.00**
Securities Premium Account		
Balance at the beginning of the year	1,66,195.45	1,17,103.14
Add: Premium on conversion of Compulsorily Convertible Preference Shares (Refer 3b(ii))	-	48,771.50
Add: Premium on ESOPs exercised	225.98	320.81
Closing balance at the end of the year	**1,66,421.43**	**1,66,195.45**
Statutory Reserve (Refer Note 4.2)		
Balance at the beginning of the year	47,046.48	35,046.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	15,000.00	12,000.00
Closing balance at the end of the year	**62,046.48**	**47,046.48**
General Reserve		
Balance at the beginning of the year	1,08,776.51	78,776.51
Add: Amount transferred from surplus in the Statement of Profit and Loss	30,000.00	30,000.00
Closing balance at the end of the year	**1,38,776.51**	**1,08,776.51**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	24,794.79	18,661.94
Profit for the year	71,873.54	56,845.11
Less:		
Dividend		
Equity for previous year (Refer Note 4.3)	(0.89)	(0.45)
Equity Interim - Paid ₹ 3.50 per share (March 31, 2016 - ₹ 2.50 per share)	(54,69.31)	(39,02.95)
Equity - Proposed (Refer Note 4.4 & 2b) (March 31, 2016 - ₹ 2.00 per share)	-	(31,22.91)
Preference	-	(212.33)
Distribution tax on Equity Dividend	(1,113.60)	(1430.39)
Distribution tax on Preference Dividend	-	(43.23)
Transfer to Statutory Reserve	(15,000.00)	(12,000.00)
Transfer to General Reserve	(30,000.00)	(30,000.00)
Net surplus in the Statement of Profit and Loss at the end of the year	**45,084.53**	**24,794.79**
Total Reserves and Surplus	**4,15,632.92**	**3,50,117.20**

4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during prior years.

4.2 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

4.3 Represents dividend payment relating to previous year in respect of 44,470 shares (March 31, 2016 - 45,251) shares which were allotted to the employees under the ESOP Scheme, 2007 after March 31, 2017 but before July 27, 2017 (book closure date).

4.4 The Board of Directors of the company have recommended a final dividend of 20% being ₹ 2 per share on the equity shares of the company, for the year ended March 31, 2017 which is subject to approval of shareholders. Consequently the proposed dividend has not been recorded in the books in accordance with AS-4 (Revised).

₹ in lakhs

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 5 BORROWINGS (Refer Note 5.3)				
LONG - TERM				
Redeemable Non-Convertible Debentures				
Medium-Term - Secured - Refer Note 5.1 (i) & 5.2 (i) to (iii)	6,78,400.00	3,15,620.00	3,51,520.00	1,69,040.00
Subordinated Debt - Unsecured - Refer Note 5.2 (iv) & 5.2 (v)	1,65,800.00	1,45,800.00	7,500.00	5,000.00
Perpetual Debt - Unsecured - Refer Note 5.2 (vi)	1,10,070.00	1,10,070.00	-	-
Term Loans				
Rupee Loans from Banks - Secured - Refer Note 5.1 (ii) & 5.2 (vii)	3,39,066.00	5,21,633.00	2,01,567.33	5,90,367.00
Foreign currency Loans from Banks - Secured - Refer Note 5.1(ii) & 5.2 (vii)	2,17,121.38	-	12,969.00	-
Inter-corporate Deposits - Unsecured from subsidiaries (Refer Note 31)(c)	-	350 .00	-	2,300.00
	15,10,457.38	**10,93,473.00**	**5,73,556.33**	**7,66,707.00**
The above amount includes:				
Secured borrowings	12,34,587.38	8,37,253.00	5,66,056.33	7,59,407.00
Unsecured borrowings	2,75,870.00	2,56,220.00	7,500.00	7,300.00
Amount disclosed under the head “Current Maturities of Long-term borrowings”	-	-	(5,73,556.33)	(7,66,707.00)
	15,10,457.38	**10,93,473.00**	-	-
SHORT - TERM				
Working Capital Demand loans and Cash Credit from Banks				
- Secured - (Refer Note 5.1(iii))	-	-	66,314.03	1,14,491.64
- Unsecured	-	-	-	10,000.00
Commercial Papers - Unsecured	-	-	2,66,500.00	2,72,600.00
Inter-corporate Deposits - Unsecured from subsidiaries (Refer Note 31)(c)	-	-	3,850.00	350.00
	-	-	**3,36,664.03**	**3,97,441.64**
The above amount includes:				
Secured borrowings	-	-	66,314.03	1,14,491.64
Unsecured borrowings	-	-	2,70,350.00	2,82,950.00
	-	-	**3,36,664.03**	**3,97,441.64**

5.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.

(ii) Term loans from banks are secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(iii) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

5.2 Details of Debentures

(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, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs		
250	10,00,000	2,500	-	Nov-26	8.55
50	10,00,000	500	-	Mar-22	8.35
800	10,00,000	8,000	-	Apr-20	8.10 to 9.02
500	10,00,000	5,000	-	Mar-20	9.02
2,000	10,00,000	20,000	-	Feb-20	8.02
2,750	10,00,000	27,500	7,000	Nov-19	8.10 to 9.10
4,000	10,00,000	40,000	-	Oct-19	8.15 to 8.20
3,850	10,00,000	38,500	-	Sep-19	8.06 to 8.30
750	10,00,000	7,500	7,500	Aug-19	9.90
300	10,00,000	3,000	3,000	Jul-19	9.90
2,750	10,00,000	27,500	1,000	Jun-19	9.13 to 9.90
5,750	10,00,000	57,500	-	May-19	8.90 to 9.20
850	10,00,000	8,500	-	Apr-19	8.96 to 9.20
6,300	10,00,000	63,000	3,000	Mar-19	7.95 to 8.27
3,700	10,00,000	37,000	-	Feb-19	7.98 to 8.05
2,000	10,00,000	20,000	-	Dec-18	8.20
2,350	10,00,000	23,500	8,500	Nov-18	7.80 to 9.10
6,400	10,00,000	64,000	22,500	Sep-18	8.27 to 11.00
500	10,00,000	5,000	5,000	Aug-18	9.03
5,450	10,00,000	54,500	-	Jun-18	8.95 to 9.13
11,430	10,00,000	1,14,300	18,800	May-18	8.96 to 9.65
400	10,00,000	4,000	4,000	Apr-18	9.10 to 9.11
11,550	10,00,000	1,15,500	38,500	Mar-18	8.15 to 9.35
3,250	10,00,000	32,500	-	Feb-18	8.90
2,500	10,00,000	25,000	25,000	Dec-17	10.50
2,450	10,00,000	24,500	24,500	Nov-17	8.90 to 9.55
550	10,00,000	5,500	5,500	Aug-17	9.00
650	10,00,000	6,500	6,500	Jul-17	9.90
5,755	10,00,000	57,550	57,550	Jun-17	8.90 to 9.90
65	10,00,000	650	650	May-17	9.24 to 9.25
1,500	10,00,000	15,000	15,000	Apr-17	9.35
750	10,00,000	-	7,500	Mar-17	9.10 to 9.52
250	10,00,000	-	2,500	Jan-17	10.25
550	10,00,000	-	5,500	Nov-16	9.18 to 9.19
2,000	10,00,000	-	20,000	Sep-16	11.00
550	10,00,000	-	5,500	Aug-16	8.91 to 9.81
450	10,00,000	-	4,500	Jul-16	9.90
5,300	10,00,000	-	53,000	Jun-16	9.65 to 9.90
2,550	10,00,000	-	25,500	May-16	9.40 to 9.60
		9,14,000	**3,77,500**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		March 31, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs			
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
750	10,00,000	7,500	-	Sep-19	12,98,729	2,98,729
80	10,00,000	800	-	Jul-19	12,66,148	2,66,148
500	10,00,000	5,000	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	800	800	Apr-19	13,08,150	3,08,150
250	10,00,000	2,500	2,500	Apr-19	13,13,730	3,13,730
250	10,00,000	2,500	2,500	Mar-19	16,23,240	6,23,240
100	10,00,000	1,000	1,000	Mar-19	16,19,345	6,19,345
160	10,00,000	1,600	1,600	Feb-19	16,35,566	6,35,566
580	10,00,000	5,800	5,800	Nov-18	13,57,496	3,57,496
100	10,00,000	1,000	1,000	Jul-18	13,02,320	3,02,320
150	10,00,000	1,500	1,500	Jul-18	12,59,970	2,59,970
100	10,00,000	1,000	1,000	May-18	15,80,260	5,80,260
250	10,00,000	2,500	2,500	Apr-18	13,01,077	3,01,077
60	10,00,000	600	600	Apr-18	12,95,193	2,95,193
250	10,00,000	2,500	-	Mar-18	11,26,095	1,26,095
110	10,00,000	1,100	1,100	Dec-17	13,60,923	3,60,923
110	10,00,000	1,100	1,100	Oct-17	13,17,130	3,17,130
850	10,00,000	8,500	8,500	Aug-17	11,88,380	1,88,380
100	10,00,000	1,000	1,000	Aug-17	13,20,598	3,20,598
75	10,00,000	750	750	Jul-17	13,23,949	3,23,949
100	10,00,000	1,000	1,000	Jun-17	11,76,932	1,76,932
50	10,00,000	500	500	Jun-17	11,86,518	1,86,518
135	10,00,000	1,350	1,350	Jun-17	11,89,472	1,89,472
43	10,00,000	430	430	Jun-17	11,87,498	1,87,498
170	10,00,000	1,700	1,700	Jun-17	13,11,675	3,11,675
267	10,00,000	2,670	2,670	Jun-17	13,14,349	3,14,349
75	10,00,000	750	750	May-17	11,88,908	1,88,908
70	10,00,000	700	700	May-17	11,87,780	1,87,780
120	10,00,000	1,200	1,200	May-17	11,90,320	1,90,320
200	10,00,000	2,000	2,000	May-17	11,90,740	1,90,740
150	10,00,000	1,500	1,500	May-17	11,92,760	1,92,760
100	10,00,000	1,000	1,000	Apr-17	11,86,652	1,86,652
20	10,00,000	200	200	Apr-17	11,85,196	1,85,196
135	10,00,000	1,350	1,350	Apr-17	11,88,908	1,88,908
570	10,00,000	5,700	5,700	Apr-17	11,88,907	1,88,907
140	10,00,000	1,400	1,400	Apr-17	11,88,344	1,88,344
42	10,00,000	420	420	Apr-17	11,90,320	1,90,320
100	10,00,000	-	1,000	Jan-17	11,55,522	1,55,522

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option (Contd.)

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		March 31, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs			
600	10,00,000	-	6,000	Dec-16	12,07,943	2,07,943
1000	10,00,000	-	10,000	Dec-16	11,47,158	1,47,158
93	10,00,000	-	930	Dec-16	11,42,218	1,42,218
50	10,00,000	-	500	Dec-16	11,38,193	1,38,193
250	10,00,000	-	2,500	Nov-16	11,98,622	1,98,622
80	10,00,000	-	800	Nov-16	11,96,826	1,96,826
500	10,00,000	-	5,000	Oct-16	11,36,517	1,36,517
210	10,00,000	-	2,100	Sep-16	12,04,369	2,04,369
145	10,00,000	-	1,450	Aug-16	12,06,965	2,06,965
190	10,00,000	-	1,900	Aug-16	12,02,972	2,02,972
80	10,00,000	-	800	Aug-16	12,05,120	2,05,120
40	10,00,000	-	400	Aug-16	12,04,987	2,04,987
100	10,00,000	-	1,000	Aug-16	12,07,458	2,07,458
100	10,00,000	-	1,000	Jul-16	12,12,495	2,12,495
236	10,00,000	-	2,360	Jun-16	12,01,019	2,01,019
250	10,00,000	-	2,500	May-16	13,17,510	3,17,510
50	10,00,000	-	500	May-16	13,30,118	3,30,118
250	10,00,000	-	2,500	May-16	13,14,733	3,14,733
180	10,00,000	-	1,800	Apr-16	12,09,052	2,09,052
		85,920	**1,07,160**			

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

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Put option date	Rate of interest %
		March 31, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs			
500	10,00,000	5,000	-	Mar-19	Feb-18	8.90
2500	10,00,000	25,000	-	Sep-19	Sep-17	8.20
		30,000	**-**			

₹ in lakhs

	Non - Current		Current		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Redeemable at par - No put call option	6,31,300	2,53,500	2,82,700	1,24,000	9,14,000	3,77,500
Redeemable at premium - No put call option	47,100	62,120	38,820	45,040	85,920	1,07,160
Redeemable at par - with put option	-	-	30,000	-	30,000	-
	6,78,400	**3,15,620**	**3,51,520**	**1,69,040**	**10,29,920**	**4,84,660**

(iv) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Due date of redemption	Rate of interest %
100	10,00,000	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	-	Nov-23	9.08 to 9.20
500	10,00,000	5,000	-	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	7,000	7,000	Jun-19	11.40
1,500	10,00,000	15,000	15,000	May-19	11.70 to 11.75
100	10,00,000	1,000	1,000	Nov-18	10.55
250	10,00,000	2,500	2,500	Sep-18	11.25
895	10,00,000	8,950	8,950	Aug-18	12.25
620	10,00,000	6,200	6,200	Jun-18	10.55 to 12.25
750	10,00,000	7,500	7,500	Nov-17	12.75
150	10,00,000	-	1,500	Mar-17	11.25
350	10,00,000	-	3,500	Feb-17	11.15
		1,71,800	**1,50,800**		

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

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
150	10,00,000	1,500	-	Nov-23	17,57,947	7,57,947
		1,500	**-**			

₹ in lakhs

	Non - Current As at March 31, 2017	Non - Current As at March 31, 2016	Current As at March 31, 2017	Current As at March 31, 2016	Total As at March 31, 2017	Total As at March 31, 2016
Redeemable at par - No put call option	1,64,300	1,45,800	7,500	5,000	1,71,800	1,50,800
Redeemable at premium - No put call option	1,500	-	-	-	1,500	-
Total	**1,65,800**	**1,45,800**	**7,500**	**5,000**	**1,73,300**	**1,50,800**

(vi) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Maturity Date - Perpetual (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,10,070	**1,10,070**		

(vii) Details of term loans

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding Non - Current As at March 31, 2017	Amount outstanding Non - Current As at March 31, 2016	Amount outstanding Current As at March 31, 2017	Amount outstanding Current As at March 31, 2016
Base Rate / MCLR	< 1year	1	-	-	82,500	2,65,000
		2	-	-	-	6,000
		3	-	-	10,000	-
		4	-	-	-	30,000
	1-2 years	1	20,000	72,460	-	-
		2	4,567	14,920	4,567	15,000
		3	-	24,000	-	28,000
		4	30,000	44,000	-	14,000

(vii) Details of term loans (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non - Current		Current	
			As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
		5	-	20,000	-	30,000
		8	8,000	-	8,000	-
	2 - 3 years	1	83,500	75,000	-	-
		3	10,000	9,133	5,000	4,367
		4	20,000	30,000	-	-
		5	20,000	51,000	-	19,000
		8	-	27,500	-	2,500
		9	10,000	-	8,000	-
		10	-	16,000	-	4,000
Base Rate/ MCLR +						
spread (0.05% to 0.40%)	< 1year	1	-	-	21,500	1,25,000
		2	-	-	14,000	-
		6	-	-	-	15,000
	1-2 years	1	80,000	40	-	-
		2	-	80	-	-
		3	5,000	-	10,000	-
		4	18,000	7,500	18,000	22,500
	2-3 years	1	-	80,000	-	-
		3	-	-	-	-
		4	-	30,000	-	-
		5	-	-	-	-
Rate based on						
3 Month T Bill + Spread	< 1year	1	-	-	-	10,000
Fixed Rate	< 1year	1	-	-	20,000	-
	1-2 years	1	30,000	20,000	-	-
	2-3 years	1	23,323	-	-	-
Total			**3,62,390**	**5,21,633**	**2,01,567**	**5,90,367**
USD Overnight LIBOR + Spread	1-2 years	1	-	-	12,969	-
USD 3M LIBOR + Spread	1-2 years	1	28,735	-	-	-
USD 6M LIBOR + Spread	1-2 years	1	48,471	-	-	-
	2-3 years	1	1,16,592	-	-	-
Total			**1,93,798**	**-**	**12,969**	**-**

5.3 The company has not defaulted in the repayment of dues to its lenders.

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 6 OTHER LONG - TERM LIABILITIES		
Advance from Customers	73.63	85.56
Interest accrued but not due on borrowings	9,226.33	7,818.94
Financial liabilities on derivative transactions	10,102.59	-
Deferred Rent	290.04	297.44
	19,692.59	**8,201.94**

₹ in lakhs

Particulars	Long-Term		Short-Term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 7 PROVISIONS				
Provision for Employee Benefits				
- Compensated Absences (Refer Note 29 B)	-	-	1,481.27	1,192.09
	-	-	1,481.27	1,192.09
Other Provisions				
Provision for Standard Assets (Refer Note 33 and Note 2a)	7,461.44	6,874.98	3,422.52	7,320.26
Provision for Non-performing Assets (Refer Note 33 and Note 2a)	51,159.23	42,402.24	-	-
Provision for Contingencies (Refer Note 33)	-	-	2,947.54	2,461.54
Provision for Contingent Service Tax claims (Refer Note 33)	-	-	792.37	792.37
Proposed Dividend - Equity (Refer Note 4.4 and 2b)	-	-	-	3,122.91
Provision for Distribution tax on proposed Dividend - Equity (Refer Note 4.4 and 2b)	-	-	-	635.75
	58,620.67	49,277.22	7,162.43	14,332.83
	58,620.67	**49,277.22**	**8,643.70**	**15,524.92**

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 8 OTHER CURRENT LIABILITIES		
Interest accrued but not due on borrowings / other deposits	67,526.57	43,022.16
Income received in advance	157.93	173.35
Unpaid Dividend (Refer Note 8.1)	46.35	36.33
Fixed deposits including interest accrued thereon - Matured and unclaimed (Refer Note 8.2 and 8.3)	0.15	1.23
Advances from customers	2,162.53	2,351.78
Security Deposits received	345.26	535.25
Remittances payable - Derecognised assets (Refer Note 16.1)	33,167.32	24,571.49
Insurance premium collected from customers	-	1,114.28
Statutory dues	388.51	519.86
Other liabilities*	1,887.27	499.47
	1,05,681.89	**72,825.20**
* includes		
Dues to subsidiaries - Cholamandalam Securities Limited	-	0.34
Cholamandalam Distribution Services Limited	-	0.14
White Data Systems India Private Limited	0.50	-
Gratuity Payable (Refer Note 29 A)	1,077.60	171.59

8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF)

8.2 As at March 31, 2017, in respect of overdue amounts totalling to ₹ 0.11 lakh (March 31, 2016 - ₹ 0.11 lakh), payments have not been made as per instructions received from the Central Bureau of Investigation.

8.3 Pursuant to the company obtaining a fresh Certificate of Registration dated December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits and consequent to its decision to exit from deposit accepting activities effective November 1, 2006, the company has a total deposit of ₹ 0.29 lakh as at March 31, 2017 (March 31, 2016 - ₹ 2.75 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 16.

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2017

NOTE : 9 FIXED ASSETS

As at March 31, 2017

₹ in lakhs

Description		Gross Block			Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at March 31, 2016	Additions	Deletions	Cost as at March 31, 2017	Upto March 31, 2016	Provided for the year	Withdrawn during the year	Cost as at March 31, 2017	March 31, 2017	March 31, 2016
Property Plant and Equipment										
Tangible Asset										
Freehold Land	3,956.19	-	-	3,956.19	-	-	-	-	3,956.19	3,956.19
Buildings										
(Refer Note below)	3,471.22	-	-	3,471.22	847.66	48.06		895.72	2575.50	2,623.56
Plant and Machinery	5,078.28	1,274.35	75.65	6,276.98	3,176.9	1,221.55	75.38	4,323.07	1,953.91	1,901.38
Office Equipment	1,855.97	722.4	18.25	2,560.12	1,356.48	373.69	12.38	1,717.79	842.33	499.49
Furniture and Fixtures	1,895.07	608.07	3.81	2,499.33	1,438.15	487.85	3.73	1,922.27	577.06	456.92
Leasehold Improvements	2,470.18	1,117.53	0.73	3,586.98	1,928.32	529.60	0.69	2,457.23	1,129.75	541.86
Vehicles	877.90	464.51	159.68	1,182.73	320.09	197.80	109.05	408.84	773.89	557.81
Total	**19,604.81**	**4,186.86**	**258.12**	**23,533.55**	**9,067.60**	**2,858.55**	**201.23**	**11,724.92**	**11,808.63**	**10,537.21**
Investment Property	11.46	-	-	11.46	7.32	0.09		7.41	4.05	4.14
Total - 1	**19,616.27**	**4,186.86**	**258.12**	**23,545.01**	**9,074.92**	**2,858.64**	**201.23**	**11,732.33**	**11,812.68**	**10,541.35**
Intangible Asset										
- Computer Software	3,548.00	2,557.18	-	6,105.18	2,957.05	952.70	-	3,909.75	2,195.43	590.95
Total - 2	**3,548.00**	**2,557.18**	**-**	**6,105.18**	**2,957.05**	**952.70**	**-**	**3,909.75**	**2,195.43**	**590.95**
Grand Total (1+2)	**23,164.27**	**6,744.04**	**258.12**	**29,650.19**	**12,031.97**	**3,811.34**	**201.23**	**15,642.08**	**14,008.11**	**11,132.30**

Notes forming part of the Financial Statements (Contd.)

For the year ended March 31, 2017

NOTE : 9 FIXED ASSETS (Contd.)

As at March 31, 2016

₹ in lakhs

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at March 31, 2015	Additions	Deletions	Cost as at March 31, 2016	Upto March 31, 2015	Provided for the year	Withdrawn during the year	Cost as at March 31, 2016	March 31, 2016	March 31, 2015
Property Plant and Equipment										
Tangible Asset										
Freehold Land	464.19	3,492.00	-	3,956.19	-	-	-	-	3,956.19	464.19
Buildings (Refer Note below)	3,452.31	18.91	-	3,471.22	800.00	47.66	-	847.66	2,623.56	2,652.31
Plant and Machinery	3,543.07	1,700.62	165.41	5,078.28	2,652.59	687.36	163.05	3,176.90	1,901.38	890.48
Office Equipment	1,756.60	165.93	66.56	1,855.97	1,177.72	234.34	55.58	1,356.48	499.49	578.88
Furniture and Fixtures	1,963.69	151.11	219.73	1,895.07	1,332.97	281.88	176.70	1,438.15	456.92	630.72
Leasehold Improvements	2,410.86	299.21	239.89	2,470.18	1,737.60	428.89	238.17	1,928.32	541.86	673.26
Vehicles	886.48	243.33	251.91	877.90	308.42	177.29	165.62	320.09	557.81	578.06
Total	**14,477.20**	**6,071.11**	**943.50**	**19,604.81**	**8,009.30**	**1,857.42**	**799.12**	**9,067.60**	**10,537.21**	**6,467.90**
Investment Property	11.46	-	-	11.46	7.23	0.09	-	7.32	4.14	4.23
Total -1	**14,488.66**	**6,071.11**	**943.50**	**19,616.27**	**8,016.53**	**1,857.51**	**799.12**	**9,074.92**	**10,541.35**	**6,472.13**
Intangible Asset			-			-	-			
- Computer Software	3,231.77	505.48	189.25	3,548.00	2,870.68	275.62	189.25	2,957.05	590.95	361.09
Total - 2	**3,231.77**	**505.48**	**189.25**	**3,548.00**	**2,870.68**	**275.62**	**189.25**	**2,957.05**	**590.95**	**361.09**
Grand Total (1+2)	**17,720.43**	**6,576.59**	**1,132.75**	**23,164.27**	**10,887.21**	**2,133.13**	**988.37**	**12,031.97**	**11,132.30**	**6,833.22**

Note:

Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 10 NON - CURRENT INVESTMENTS (valued at cost unless stated otherwise)		
Trade Investments - Unquoted		
Investment in Equity shares of subsidiaries		
Cholamandalam Distribution Services Limited 4,24,00,000 Equity shares of ₹ 10 each fully paid up	4,240.00	4,240.00
Cholamandalam Securities Limited 2,25,00,014 Equity shares of ₹ 10 each fully paid up	2,250.00	2,250.00
White Data System India Private Limited 12,75,917 Equity shares of ₹ 10 each fully paid up	800.00	800.00
	7,290.00	7,290.00
Less: Provision for diminution in the value of investment	(453.00)	(953.00)
Total (a)	6,837.00	6,337.00
Non Trade Investments - Unquoted		
Investment in Equity shares -		
Amaravathi Sri Venkatesa Paper Mills Limited 2,93,272 Equity shares of ₹ 10 each fully paid up	129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up	0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up	0.25	0.25
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹ 10 each fully paid up	1.91	1.91
Investment in other shares -		
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only	0	0
Total (b)	131.30	131.30
Investment in Pass Through Certificates - Unquoted		
Platinum Trust Dec 2013	-	29.66
Platinum Trust Dec 2013 Tranche III	-	74.16
Platinum Trust Feb 2014 Tranche III	-	56.51
Platinum Trust Mar 2014	-	28.37
Platinum Trust Aug 2016	390.81	-
Platinum Trust Aug 2016 Tranche II	1,023.72	-
Platinum Trust Sep 2016	849.33	-
Platinum Trust Sep 2016 Tranche II	1,084.95	-
Platinum Trust Nov 2016	1,103.76	-
Platinum Trust Dec 2016	688.22	-
Platinum Trust Dec 2016 Tranche II	665.78	-
Platinum Trust Jan 2017	916.91	-
Platinum Trust Feb 2017	1,918.97	-
Platinum Trust Feb 2017 Tranche -II	1,445.39	-
Platinum Trust Feb 2017 Tranche -III	1,231.92	-
Platinum Trust Mar 2017	1,160.29	-
Platinum Trust Mar 2017 Tranche-II	1,550.38	-
Platinum Trust Mar 2017 Tranche-III	1,597.03	-
Platinum Trust Mar 2017 Tranche -IV	1,258.78	-
	16,886.24	188.70
Amount disclosed under Current Investments	(4,610.21)	(188.70)
Total (c)	12,276.03	-
Total Non-current Investments (a + b + c)	**19,244.33**	**6,468.30**

All Investments represented above are made in India

₹ in lakhs

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 11 DEFERRED TAX ASSETS (Net)			
Deferred Tax Assets			
Provision for Standard Assets		3,766.72	4,912.69
Provision for Non-Performing Assets		15,544.53	14,674.57
Provision for Repossessed Automobile assets		1,141.31	979.04
Provision for Contingent Service Tax		274.22	274.22
Interest Income Derecognised on Non- Performing Assets		7,273.98	5,265.83
Unrealised Excess Interest Spread on Assignment/Securitisation		2,246.12	1,851.91
Provision for Contingencies		1,020.08	851.89
Provision for Compensated Absences and Gratuity		885.58	471.94
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.		471.49	518.32
Others		234.47	102.94
	(A)	**32,858.50**	**29,903.35**
Deferred Tax Liability			
Unamortised Prepaid Finance Charges		1,342.86	1,754.01
	(B)	**1,342.86**	**1,754.01**
Net Deferred Tax Assets (A) - (B)		**31,515.64**	**28,149.34**
Deferred Tax benefit in the Statement of Profit and Loss		**3,366.30**	**9,787.21**

₹ in lakhs

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
Secured				
Automobile Financing (Refer Note 12.1)	12,00,472.96	10,60,567.36	7,12,764.44	6,65,205.40
Loans against Immovable Properties	6,94,032.97	6,81,318.71	46,469.72	48,811.89
Construction Equipment Financing	42,036.48	21,518.46	23,365.86	10,709.12
Loans against Securities	1,328.87	2,266.21	297.27	500.41
Other Loans	835.02	484.21	-	-
Amount Retained on Assigned Assets	10,330.18	14,877.78	1,108.75	1,337.60
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.3)	42,950.67	37,326.37	35,389.24	23,725.49
Total (a)	**19,91,987.15**	**18,18,359.10**	**8,19,395.28**	**7,50,289.90**
Unsecured				
Loans to Automobile Dealers	547.83	354.01	9,746.04	10,087.75
Bills Discounted	1,322.96	-	13,665.83	10,700.63
Other Loans	100.92	3.80	4,563.20	1,106.51
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	36.83	48.93	155.65	62.27
Total (b)	**2,008.54**	**406.74**	**28,130.72**	**21,957.16**
Total receivables under financing activity (a + b)	**19,93,995.69**	**18,18,765.84**	**8,47,526.00**	**7,72,247.07**

₹ in lakhs

Particulars	Non - Current As at March 31, 2017	Non - Current As at March 31, 2016	Current As at March 31, 2017	Current As at March 31, 2016
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Contd.)				
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and/ or corporate guarantees or personal guarantees and/ or undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	30,536.65	27,916.87	-	-
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date.	36.83	48.93	-	-
Of the above:				
Considered Good	18,39,493.30	17,16,580.98	8,47,526.00	7,72,247.07
Others - Non - Performing Assets	1,54,502.39	1,02,184.86	-	-
	19,93,995.69	**18,18,765.84**	**8,47,526.00**	**7,72,247.07**

₹ in lakhs

Particulars	Long-Term As at March 31, 2017	Long-Term As at March 31, 2016	Short-Term As at March 31, 2017	Short-Term As at March 31, 2016
NOTE : 13 LOANS AND ADVANCES				
Unsecured - considered good (unless otherwise stated)				
Capital Advances	535.56	1,628.83	-	-
Security Deposits	757.19	509.82	831.57	713.73
Inter- corporate Deposit placed with subsidiary (Refer Note 31 (b))	-	-	1,000.00	-
Prepaid expenses	43.91	31.49	741.32	473.81
Service tax input credit	-	-	300.21	324.76
Advance tax (net of provision for tax ₹ 159,693.61 lakhs; March 31, 2016 - ₹ 117,660.02 lakhs)	10,386.68	4,546.10	-	-
Other advances *	-	-	2,237.17	2,220.37
	11,723.34	**6,716.24**	**5,110.27**	**3,732.67**
* includes				
Dues from Subsidiaries:-				
Cholamandalam Securities Limited	-	-	0.64	-
Cholamandalam Distribution Services Limited	-	-	0.31	23.37
Disputed Sales tax / Value Added tax paid under protest	-	-	1,418.28	1,394.33

₹ in lakhs

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 14 OTHER ASSETS				
Unsecured - considered good (unless otherwise stated)				
Deposits with Banks as collateral towards assets derecognised	48,155.44	40,983.39	-	-
Prepaid Finance Charges	3,207.66	3,867.79	1,307.38	1,200.43
Prepaid Discount on Commercial Papers	-	-	9,767.98	10,603.49
Repossessed Automobile assets*	-	-	2,202.35	2,856.66
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	20,857.70	27,590.17
- on Deposits and Investments	-	-	219.14	198.32
Financial assets on derivative transactions	2,792.96	-	-	-
Other Accruals and receivables**	-	-	7,172.28	5,083.16
	54,156.06	**44,851.18**	**41,526.83**	**47,532.23**
* Net of provision			3,334.34	2,830.58

** includes - ₹ 4,426.43 lakhs (March 31, 2016 - ₹ 3,920.29 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognised assets referred in Note 8

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value, unless stated otherwise)		
Current Portion of Long-term Investment in Pass Through Certificates - Unquoted	4,610.21	188.70
	4,610.21	**188.70**

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 16 CASH AND CASH EQUIVALENTS		
Cash on hand	3,596.98	5,056.71
Cheques, drafts on hand	2,740.12	2,014.65
Balances with banks		
- In Current Accounts	21,067.20	18,377.67
- In Deposit Accounts - Original maturity 3 months or less	-	1,166.80
- In Deposit Accounts - Original maturity more than 3 months	2,172.28	451.09
- In earmarked accounts		
- In Unpaid Dividend Accounts	46.35	36.33
- Deposits with Banks as collateral towards assets derecognised	67,222.61	62,917.00
- Amount disclosed under Non-current bank balances (Refer Note 14)	(48,155.44)	(40,983.39)
	19,067.17	21,933.61
- Public deposit Escrow Account	0.29	2.75
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	7.56	7.57
	48,697.95	**49,047.18**

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 (Cash Flow Statements) is ₹ 27,404.30 lakhs (March 31, 2016 - ₹ 26,615.83 lakhs).

NOTE : 16 CASH AND CASH EQUIVALENTS (Contd.)

16.1 Balances with Banks on Current Account include amounts collected in respect of assets de-recognised on account of Assignment/Securitisation of Receivables pending remittance to the assignees. Refer Note 8.

16.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 1,622 lakhs (March 31, 2016 - ₹ 175.07 lakhs) which have an original maturity of more than 12 months.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 17 REVENUE FROM OPERATIONS		
Income from Operations		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	2,94,676.90	2,58,276.71
- Loans against Immovable Properties	94,596.43	95,058.66
- Construction Equipment Financing	5,865.58	2,644.48
- Loans against Securities	324.32	355.51
- Loans to Automobile dealers	1,120.07	969.69
- Bills Discounting	1,650.24	612.57
- Other Loans	1,016.14	343.77
- Interest spread on assignment/securitisation	21,028.26	20,534.34
ii) Other Operating Revenue		
- Automobile Financing	30,934.40	26,039.12
- Loans against Immovable Properties	6,321.05	6,999.39
- Construction Equipment Financing	367.37	177.23
- Other Loans	298.32	154.75
(b) Interest Income		
- Deposits placed as collateral towards assets derecognised	4,939.85	5,365.41
- Other Deposits	98.60	99.88
- Long Term Investment - Pass Through Certificates	173.25	26.87
(c) Gain on prepayment of Commercial Paper and Debentures (Net) (Refer Note 17.1)	-	84.26
Total (A)	**4,63,410.78**	**4,17,742.64**
Other Operating Income		
(d) Profit on sale of current investments	1,281.90	709.02
(e) Servicing and Collection fee on Securitisation / Assignment	1,191.42	744.49
(f) Others	71.18	50.45
Total (B)	**2,544.50**	**1,503.96**
Total (A+B)	**4,65,955.28**	**4,19,246.60**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 17 REVENUE FROM OPERATIONS (Contd.)		
17.1 Gain on Prepayment of Commercial Paper and Debentures		
Book Value (including interest accrued) on the date of prepayment	-	41,500.00
Consideration paid for prepayment	-	41,415.74
Net Gain	-	**84.26**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 18 OTHER INCOME		
Other Non-operating Income		
Rent	18.24	30.38
Miscellaneous Income (Refer Note 18.1)	61.21	93.55
	79.45	**123.93**
18.1 Miscellaneous Income includes		
Liability no longer required written back	12.07	43.55
Receipt of insurance claim	49.14	50.00

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 19 FINANCE COSTS		
Interest Expense		
- Debentures	1,03,051.55	81,303.23
- Bank Loans	84,421.93	1,02,426.39
- Inter - corporate Deposits	265.39	259.29
Discount on Commercial Papers	24,937.03	17,936.80
Others		
- Amortisation of ancillary borrowing costs	9,416.24	2,070.95
- Bank charges	987.82	1,080.95
	2,23,079.96	**2,05,077.61**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 20 EMPLOYEE BENEFITS EXPENSE		
Salaries, Bonus and Commission (Refer Note 29 B)	35,597.68	22,677.53
Contribution to Provident and Other Funds		
- Employees' Provident Fund	1,413.50	822.37
- Superannuation Fund	179.24	158.95
- Gratuity Fund (Refer Note 29 A)	1,320.58	301.90
Staff Welfare Expenses	1,753.41	1,434.05
	40,264.41	**25,394.80**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 21 OTHER OPERATING EXPENSES		
Rent (Refer Note 21.1 & 21.2)	3,688.98	3,057.01
Electricity Charges	908.27	766.29
Rates and Taxes (Refer Note 21.3)	6,822.38	5,444.10
Communication Costs	2,039.55	1,537.42
Travelling and Conveyance	4,187.78	2,320.61
Advertisement Expenses	766.73	548.38
Insurance	626.30	397.81
Repairs and Maintenance		
- Buildings	13.71	10.99
- Others	206.44	129.42
Printing and Stationery	943.26	769.33
Information Technology Expenses	2,121.99	1,709.91
Auditors' Remuneration (Refer Note 26)	87.14	54.55
Professional Charges	2,690.39	2,014.79
Operating Lease Rental Expense	-	25.17
Loss on Sale of Fixed Assets (Net)	0.91	32.53
Commission to Directors	52.50	55.00
Sitting Fees to Directors	26.05	20.40
Recovery Charges (Refer Note 21.5)	12,534.11	14,158.21
Corporate Social Responsibility Expenditure	1,386.03	929.94
Miscellaneous Expenses (Refer Note 21.4)	442.12	449.58
	39,544.64	34,431.44
Less : Expenses Recovered	(128.55)	(49.55)
	39,416.09	**34,381.89**
21.1 Lease equalisation charge included in Rent	89.87	41.37
21.2 Cancellable operating lease entered for office space	3,688.98	3,057.01
21.3 Rates and Taxes include -		
Service tax	2,882.01	2,861.89
Value added tax	3,144.99	2,461.54
21.4 Miscellaneous Expenses includes:		
Donation To Electoral Trust	-	50.00
Other Donations	12.00	160.00
21.5 Net of reversal of provision for servicing costs on assets derecognised	-	115.29

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 22 PROVISIONS AND LOAN LOSSES		
Loss Assets Written Off (Net)	5,853.88	868.66
Loss on Repossessed Assets (Net)	20,263.75	20,158.66
Provision for Non-Performing Assets (Refer Note 2a & 33)	28,465.92	27,249.24
Provision Released for Non-Performing Assets on recovery/write off (Refer Note 22.1 & 33)	(19,708.93)	(13,225.68)
	34,874.62	35,050.88
(Reversal)/Provision for Standard Assets (Net) (Refer Note 2a & 33)	(3,311.28)	7,672.89
Reversal of provision for dimunition in value of investment	(500.00)	-
	31,063.34	**42,723.77**
22.1 Includes reversal of provision for credit enhancements on assets derecognised	-	450.59

23 a) Share application money pending allotment as at March 31, 2017 represents amount received towards 10,261 equity shares (1,340 Equity shares – March 31, 2016) of the company pursuant to ESOP scheme and have been subsequently alloted.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 23 b) EARNINGS PER SHARE		
Profit After Tax (₹ in lakhs)	**71,873.54**	**56,845.11**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	255.56
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**71,873.54**	**56,589.55**
Weighted Average Number of Equity Shares (Basic)	15,62,24,388	15,09,04,759
Add: Dilutive effect relating to ESOP/CCPS	64,382	1,51,237
Weighted Average Number of Equity Shares (Diluted)	15,62,88,770	15,10,55,996
Earnings per Share - Basic (₹)	**46.01**	**37.50**
Earnings per Share - Diluted (₹)	**45.99**	**37.46**
Face Value Per Share (₹)	**10.00**	**10.00**

Note:
Earnings per Share calculations are done in accordance with Accounting Standard 20 (AS 20) "Earnings per Share".

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 24 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	30	21
Outstanding securitised Assets in books of SPV	5,48,230.24	2,90,523.00
Less: Collections not yet due to be remitted to SPV*	24,846.33	20,013.99
Outstanding securitised Assets as per books	5,23,383.91	2,70,509.01
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	28,553.77	9,225.92
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	67,222.61	62,917.00
• Others		
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	16,886.24	188.70
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	8,78,067.48	6,48,583.22

* excludes interest collected from customers on securitised assets.

b) On Bilateral assignment **₹ in lakhs**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Number of Assignment Transactions	3	3
Outstanding Assigned Assets in books of Assignee*	1,06,326.68	1,50,649.72
Less: Collections not yet due to be remitted to Assignee#	3,376.32	4,711.30
Outstanding Assigned Assets as per books	1,02,950.36	1,45,938.42
Total amount of exposure		
a) Off Balance Sheet Exposure	-	-
• First Loss	-	-
• Others	-	-

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 24 ASSETS DE-RECOGNISED (Contd.)		
b) On Balance Sheet Exposure	-	-
• First Loss – Cash Collateral	-	-
• Others	11,438.93	16,215.38
Book value of Assets sold	1,85,429.64	1,85,429.64

excludes interest collected from customers on assigned assets

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 25 DETAILS OF OUTSTANDING DERIVATIVES		
(i) Outstanding Derivatives: (Notional principal amount) For hedging (Currency & Interest rate derivatives)	2,37,400.00	-
(ii) Marked to Market positions – Asset / (Liability)	(10,102.59)	-
(iii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 26 AUDITORS' REMUNERATION (Net of Service Tax Input Credit)		
Statutory Audit	39.00	28.00
Interim Audit & Limited Review	18.00	16.00
Tax Audit	4.00	3.00
Other Services	24.80	6.45
Reimbursement of Expenses	1.34	1.10
Total	**87.14**	**54.55**

NOTE : 27 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 2017.

The relevant particulars are furnished below:

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
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	-	-

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 28 a) EXPENDITURE IN FOREIGN CURRENCIES		
Travel	10.95	14.81
Interest and processing charges for subordinated debt	3.45	3.36
Membership fees	2.21	2.10
Rating fees	117.42	89.51
Others	4.03	-
Professional charges	23.43	5.21
b) REMITTANCES IN FOREIGN CURRENCIES		
Purchase of fixed assets	582.70	223.86
c) DIVIDEND PAID IN FOREIGN CURRENCY		
Preference Dividend		
• Amount remitted	-	212.33
• Total No. of Non-resident shareholders	-	1
• Total No. of Shares held by them to which dividend relates	-	5,00,00,000
Equity Dividend		
• Amount remitted	245.70	307.13
• Total No. of Non-resident shareholders	1	1
• Total No. of Shares held by them to which dividend relates	1,22,85,012	1,22,85,012

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 29 A) GRATUITY		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the beginning of the year	**1,269.94**	**1020.17**
Current Service Cost	344.29	12.91
Interest Cost	101.52	76.37
Actuarial Losses	977.39	291.65
Benefits Paid	(182.39)	(131.16)
Projected Benefit Obligation at the end of the year	**2,510.74**	**1,269.94**
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	1,098.35	818.56
Expected Returns on Plan Assets	87.81	76.68
Employer's Contribution	414.57	331.92
Benefits Paid	(182.39)	(131.16)
Actuarial Gains / (Losses)	14.81	2.35
Fair Value of Plan Assets at the end of the year	**1,433.15**	**1,098.35**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Year	2,510.74	1,098.35
Liability at the End of the Year	1,433.15	1,269.94
Amount Recognised in the Balance Sheet under Note 8 - Other liabilities	**(1,077.60)**	**(171.59)**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 29 A) GRATUITY (Contd.)		
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	344.29	12.91
Interest on Obligation	101.52	76.37
Expected Return on Plan Assets	(87.81)	(76.68)
Net Actuarial Losses recognised in the Year	962.58	289.30
Net cost recognised in the Statement of Profit and Loss	**1,320.58**	**301.90**
Assumptions		
Discount Rate	6.90% p.a.	8.00% p.a.
Future salary increase	7.50% p.a.	5.00% p.a.
Attrition Rate		
- Senior management	13% p.a.	1% p.a
- Middle management	13% p.a.	2% p.a
- Others	13% p.a.	3% p.a
Expected rate of return on Plan Assets	7.50% p.a.	8.00% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Major categories of plan assets (managed by LIC) as a percentage of fair value of total plan assets		
• Government Securities	Refer Note 1 below	61.67%
• Bonds, debentures and other fixed income instruments		31.35%
• Equity Shares		6.98%

Other Disclosures:

₹ in lakhs

Benefit	2016-17	2015-16	2014-15	2013-14	2012-13
Projected Benefit Obligation	2,510.74	1,269.94	1,020.17	806.93	538.57
Fair Value of Plan Assets	1,433.15	1,098.35	818.56	793.05	549.90
Surplus/(Deficit)	**(1,077.60)**	**(171.59)**	**(201.61)**	**(13.88)**	**11.33**

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2016-17	2015-16	2014-15	2013-14
Actuarial Loss on Obligations	977.39	291.65	211.39	148.11
Actuarial (Gain)/Loss on Plan Assets	(14.81)	(2.35)	12.33	(5.43)

Notes:

1. The expected return on plan assets for the year ended March 31, 2017 is as furnished by LIC. The entire plan assets are managed by LIC and the data on plan assets as on March 31, 2017 have not been furnished.

2. The details of Experience adjustments have been disclosed to the extent of information available.

3. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

4. Estimated amount of contribution to the funds during the year ended March 31, 2017 as estimated by the Management is ₹ 1,923 lakhs (March 31, 2016 ₹ 300 lakhs)

5. 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.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 29 B) COMPENSATED ABSENCES		
Details of Actuarial Valuation		
Projected Benefit Obligation at the beginning of the year		
Balance as at the beginning of the year	**1,192.09**	**1,043.14**
Compensated absences reassessed on actuarial basis at the beginning of the year	-	-
Current Service Cost	252.15	114.11
Interest Cost	95.31	79.01
Actuarial Losses	95.72	66.96
Benefits Paid	(154.00)	(111.13)
Projected Benefit Obligation at the end of the year – Refer Note 7 – Other Provisions	**1,481.27**	**1,192.09**
Cost of the Defined Benefit Plan for the Year		
Current Service Cost	252.15	114.11
Past Service Cost reversed	-	-
Interest on Obligation	95.31	79.01
Net Actuarial Losses recognised in the year	95.72	66.96
Net cost recognised in the Statement of Profit and Loss – under Salaries, Bonus & Commission in Note 20	**443.18**	**260.08**
Assumptions		
Discount Rate	6.90% p.a.	8.00% p.a.
Future salary increase	7.50% p.a.	5.00% p.a.
Attrition Rate		
- Senior management	13% p.a.	1% p.a.
- Middle management	13% p.a	2% p.a.
- Others	13% p.a.	3% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08 Ultimate

Other Disclosures:

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2016-17	2015-16	2014-15	2013-14
Actuarial Loss/(Gain) on Obligations	95.72	66.96	18.43	140.89

Notes:

1. The company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2017.
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.
4. The details of Experience adjustments have been disclosed to the extent of information available.

NOTE : 30 SEGMENT REPORTING

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. As such there are no separate reportable segments as per AS-17 “Segmental Reporting”.

NOTE : 31 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Holding company:** Tube Investments of India Limited (upto August 31, 2015).
- **Entity having significant influence over the company :** Tube Investments of India Limited (from September 1, 2015)
- **Entity having significant influence over Holding company:** Murugappa Holdings Limited (up to August 31, 2015)
- **Joint venture of Holding company :** Cholamandalam MS Risk Services Limited (upto August 31, 2015)
- **Subsidiaries:** Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited, White Data Systems India Private Limited (from March 16, 2016)
- **Fellow Subsidiary:** Cholamandalam MS General Insurance company Limited (upto August 31, 2015)
- **Key Managerial Personnel:** Mr. Vellayan Subbiah, Managing Director

Additional related parties as per Companies Act, 2013:

- Mr. D. Arul selvan, Chief Financial Officer
- Ms. P. Sujatha, Company Secretary

Note:

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

₹ in lakhs

Nature of Transactions	Year ended March 31, 2017	Year ended March 31, 2016
a) Tube Investments of India Limited		
Dividend Payments		
- Equity shares	3,972.81	2,528.15
Rent (including hiring) receipts	13.91	17.59
Expenses – Reimbursed	-	1.85
Net Amount Receivable/(Due) as at year end		
Rental Deposit	(0.90)	(0.90)
Others	2.62	1.31
b) Cholamandalam Securities Limited		
Interest Receipts	22.18	13.19
Rent payments	-	-
Rent (including hiring) receipts	49.77	61.08
Payments for services availed	41.37	44.85
Expenses – Reimbursed	10.07	15.01
Amount received towards reimbursement of Expenses	61.32	45.41
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	3.33
Subscription to Equity Share Capital	-	-
Advances/Deposits given	10,550.00	10,200.00
Advances/Deposits recovered	9,550.00	10,200.00
Net Amount Receivable/(Due) as at year end		
Advances Receivable	1,000.00	-
Others	0.64	1.67
c) Cholamandalam Distribution Services Limited		
Interest Payments	265.39	259.29
Rent payments	4.36	8.65
Rent (including hiring) receipts	13.91	43.74
Expenses – Reimbursed	3.20	2.39
Amount received towards reimbursement of Expenses	125.10	69.12
Purchase of Fixed Assets	-	8.23
Advances/Deposits availed	6,250.00	1,000.00
Advances/Deposits repaid	5,400.00	500.00
Net Amount Receivable/(Due) as at year end with interest payable		
Advances Payable	(3,850.03)	(3,000.00)
Others	0.31	(0.14)

₹ in lakhs

Nature of Transactions	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 31 RELATED PARTY DISCLOSURES (Contd.)		
d) White Data Systems India Private Limited		
Amount received towards Reimbursement of Expenses	0.82	-
Payments for services availed	0.31	-
Expenses - Reimbursed	0.78	-
Interest earned	6.65	-
Loan given	407.30	-
Loan recovered	135.50	-
Net Amount Receivable/(Due) as at year end		
Loan Receivable including interest receivable	275.24	-
Others	(0.50)	-
		Six months ended 30.09.2015
e) Murugappa Holdings Limited		
Dividend payments – Equity shares - ₹ (September 30, 2015 - ₹176.00)		-
		Five months ended 31.08.2015
f) Cholamandalam MS General Insurance Company Limited		
Interest payments		429.77
Rent payments		5.62
Rent (including hiring) receipts		30.76
Payments for services availed		5.33
Receipts for services rendered		1,384.08
Receipts on settlement of insurance claim		2.13
Expenses – Reimbursed		0.63
	Year ended March 31, 2017	**Year ended March 31, 2016**
g) Key Managerial Personnel		
Vellayan Subbiah - Managing Director		
Remuneration	402.53	325.50
Dividend Payments	13.50	8.59
D. Arul Selvan - Chief Financial Officer		
Remuneration	105.57	114.69
Dividend Payments	0.88	1.02
Rental payments	2.40	2.40
P. Sujatha - Company Secretary		
Remuneration	93.77	132.74
Dividend Payments	1.12	0.70
Rental Payments	2.40	2.40

NOTE : 32 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Second loss credit enhancement facility towards securitisation transactions

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Counter Guarantees provided to banks	28,553.77	9,225.92

(b) Contested Claims not provided for:

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Income tax and Interest on Tax issues where the company has gone on appeal	30,849.56	27,473.49
Decided in the company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	12.99	564.40
Sales Tax issues pending before Appellate Authorities in respect of which the company is on appeal. (payment made under protest is respect of above is included under loans and advances – Note 13)	2,843.31	2,575.53
Service Tax issues pending before Appellate Authorities in respect of which the company is on appeal.	13,693.46	-
Disputed claims against the company lodged by various parties under litigation (to the extent quantifiable)	6,273.80	5,543.73

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.

(c) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 963.60 lakhs (March 31, 2016 – ₹ 1,268.34 lakhs)

NOTE : 33 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at March 31, 2016	Additional Provision	Utilisation/ Reversal	As at March 31, 2017
Provision for Standard Assets (Refer Note 2a)	14,195.24	-	(3,311.28)	10,883.96
Provision for Non-Performing Assets (Refer Note 2a)	42,402.24	28,465.92	(19,708.93)	51,159.23
Provision for Contingent Service Tax claims	792.37	-	-	792.37
Provision for Contingencies	2,461.54	486.00	-	2,947.54

NOTE : 34 EMPLOYEE STOCK OPTION PLAN

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 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the company and some of its Subsidiaries in accordance with the Stock Option Scheme-2007.

NOTE : 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

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 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.

ESOP 2007

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	7,65,900	1,25,944	6,35,732	4,224	-
	CAA *	25-01-08	178.70	-	54,433	9,768	44,337	328	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	1,62,800	29,162	1,33,638	-	-
4	Original	25-04-08	191.80	25-04-09	4,68,740	1,51,716	3,10,955	6,069	-
5	Original	30-07-08	105.00	30-07-09	10,070	8,579	1,491	-	-
6	Original	24-10-08	37.70	24-10-09	65,600	26,814	38,786	-	-
7									
Tr I	Original	27-01-11	187.60	27-01-12	2,94,600	2,03,599	63,438	27,563	-
Tr II	Original	27-01-11	187.60	27-01-12	2,09,700	1,63,155	40,569	5,976	-
8	Original	30-04-11	162.55	30-04-12	1,13,400	43,721	46,197	23,482	-
9	Original	28-07-11	175.35	28-07-12	61,800	29,544	32,256	-	-
10	Original	27-10-11	154.55	27-10-12	1,95,680	1,34,869	50,488	10,323	-

* CAA- Corporate Action Adjustment

ESOP 2016

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No								Vested	Yet to vest
1	Original	25-01-17	1,010.00	25-01-18	5,71,000	-		-	-

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent consultant.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

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

NOTE : 34 EMPLOYEE STOCK OPTION PLAN (Contd.)

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-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, 2017 is ₹ Nil (March 31, 2016- ₹ 0.96 lakhs).

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 (₹)
25-01-17	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	405.09

Had compensation cost for the stock options granted under the Scheme been determined based on fair value approach, the company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net Profit attributable to Equity Shareholders (as reported) (₹ lakhs)	71,873.54	56,589.55
Add: Stock based employee compensation expense included in net profit(₹ lakhs)	-	-
Less: Stock based compensation expense/(gain) determined under fair value based method (Proforma) (₹ lakhs)	193.82	(6.58)
Net Profit (Proforma) (₹ lakhs)	71,679.72	56,596.13
Basic Earnings per Share of ₹ 10 each (as reported) (₹)	46.01	37.50
Basic Earnings per Share of ₹ 10 each (pro forma) (₹)	45.88	37.50
Diluted Earnings per Share of ₹ 10 each (as reported) (₹)	45.99	37.46
Diluted Earnings per Share of ₹ 10 each (pro forma) (₹)	45.86	37.46

NOTE : 35 SHARING OF COSTS

The company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed between them, which has been relied upon by the Auditors.

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007:

₹ in lakhs

SN.	Particulars	Amount Outstanding	Amount Overdue
		as at March 31, 2017	
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	10,90,800.74	-
	- Unsecured	1,15,129.40	-
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	1,83,774.16	-
(b)	Deferred Credits	-	-
(c)	Term Loans	7,65,402.91	-
(d)	Inter-Corporate Loans and Borrowings	3,850.00	-
(e)	Commercial Paper	2,56,732.02	-
(f)	Other Loans	66,314.06	-
	(Represents Working Capital Demand Loans, Cash Credit from Banks & Fixed Deposits along with Interest Accrued but Not Due on above) [Refer Notes 1 and 2 below]		

₹ in lakhs

SN.	Particulars	Amount Outstanding	Amount Overdue
		as at March 31, 2016	
	Liabilities:		
(1)	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	5,20,614.12	-
	- Unsecured	1,15,149.57	
	(other than falling within the meaning of public deposits)		
	- Perpetual Debt Instrument	1,60,370.46	-
(b)	Deferred Credits	-	-
(c)	Term Loans	11,12,236.95	-
(d)	Inter-Corporate Loans and Borrowings	3,000.00	-
(e)	Commercial Paper	2,61,996.51	-
(f)	Other Loans	1,24,491.64	-
	(Represents Working Capital Demand Loans, Cash Credit from Banks & Fixed Deposits along with Interest Accrued but Not Due on above) [Refer Notes 1 and 2 below]		

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

Notes:

1. Though the company has become a Non-deposit taking Non-Banking Finance company, since the company still has fixed deposits from the public accepted prior to November 1, 2006 which have not yet been liquidated (Refer Note 8), the details of the same have been disclosed above.
2. Fixed Deposits include Matured / Unclaimed Deposits (together with Interest on Matured / Unclaimed Deposits) amounting to ₹ 0.15 lakhs as at March 31, 2017 (March 31, 2016 - ₹ 1.23 lakhs)

₹ in lakhs

SN.	Particulars	Amount Outstanding as at March 31, 2017	Amount Outstanding as at March 31, 2016
(2)	**Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]: (including interest accrued)**		
(a)	Secured	7,69,163.62	7,61,692.45
(b)	Unsecured	30,282.23	22,506.88
(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:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(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)	2,202.35	2,856.66
	(b) Loans other than (a) above	20,62,933.55	18,34,403.75
(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	-	-

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ in lakhs

SN.	Particulars	Amount Outstanding as at March 31, 2017	Amount Outstanding as at March 31, 2016
	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:**		
	Shares:		
	(a) Equity (Net of Provision for Diminution in Value of Investment)	6,968.31	6,468.31
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others - Investment in Pass Through Certificates	16,886.24	188.70

₹ 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, 2017			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	275.23	275.23
2.	Other than Related Parties	27,62,628.06	15,809.37	27,78,437.43
	Total	**27,62,628.06**	**16,084.60**	**27,78,712.66**
	As at March 31, 2016			
1.	Related Parties *			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	-	-
2.	Other than Related Parties	25,26,153.62	22,457.05	25,48,610.67
	Total	**25,26,153.62**	**22,457.05**	**25,48,610.67**

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

₹ 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, 2017		
1.	Related Parties *		
	(a) Subsidiaries	7,290.00	6,837.00
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	17,017.55	17,017.55
	Total	**24,307.55**	**23,854.55**
	As at March 31, 2016		
1.	Related Parties *		
	(a) Subsidiaries	7,290.00	6,337.00
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	320.01	320.01
	Total	**7,610.01**	**6,657.01**

₹ in lakhs

	Other Information	Amount Outstanding as at	
		March 31, 2017	March 31, 2016
(7)			
(i)	Gross Non-Performing Assets		
	a) With Related Parties *	-	-
	b) With Others	1,54,502.39	1,02,184.86
(ii)	Net Non-Performing Assets		
	a) With Related Parties *	-	-
	b) With Others	1,03,343.16	59,782.62
(iii)	Assets Acquired in Satisfaction of Debt		
	a) With Related Parties *	-	-
	b) With Others	-	-

* Related Parties are as identified in Note 31 above.

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

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, 2017	As at March 31, 2016
Tier I Capital	4,03,093.32	3,56,210
Tier II Capital	1,48,931.14	1,72,291
Total Capital	**5,52,024.46**	**5,28,501**
Total Risk Weighted Assets	29,61,406.53	26,85,488
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.61%	13.26%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	5.03%	6.42%
Total (%)	**18.64%**	**19.68%**
Amount of Subordinated Debt raised as Tier – II capital during the year	**27,500.00**	-
Amount raised by issue of Perpetual Debt instruments during the year	-	-

ii. Investments

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	24,307.54	7,610.00
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	453.00	953.00
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	23,854.54	6,657.00
(b) Outside India.	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	953.00	953.00
(ii) Add:Provisions made during the year	-	-
(iii) Less:Reversal of provision on account of merger	500.00	-
(iv) Closing balance	453.00	953.00

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

iii. Asset Liability Management

Maturity pattern of certain items of assets and liabilities –

As at March 31, 2017 **₹ in lakhs**

	Upto1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	65,615	13,000	17,833	1,25,000	59,403	5,56,187	-	-	8,37,038
Market Borrowings	30,070	81,800	82,700	72,500	3,62,300	7,02,550	1,43,420	1,08,300	15,83,640
Assets									
Advances (Net of Provision for Non Performing Assets)	57,761	55,166	57,797	2,29,272	4,47,851	10,90,362	3,88,224	4,63,929	27,90,362
Investment (Net of Provision for Diminution in Value of Investments)	382	387	394	1,194	2,316	6,612	1,557	11,012	23,854

As at March 31, 2016 **₹ in lakhs**

	Upto1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	77,492	9,000	47,500	2,21,667	3,59,200	5,21,633	-	-	12,36,492
Market Borrowings	1,800	93,100	1,23,860	86,150	1,44,380	3,15,320	90,950	1,65,570	10,21,130
Assets									
Advances (Net of Provision for Non Performing Assets)	47,869	51,367	58,205	1,92,730	4,22,076	9,81,956	3,47,504	4,46,904	25,48,611
Investment (Net of Provision for Diminution in Value of Investments)	19	18	17	45	58	32	-	6,468	6,657

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

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

₹ in lakhs

Category			As at March 31, 2017	As at March 31, 2016
(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	51,252.13	57,306.11
		- individual housing loans more than ₹15 lakhs	6,36,207.44	6,21,971.57
	(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, and acquisition, development and construction etc.).		
		- Fund Based	64,482.05	67,068.30
		- 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		**7,51,941.62**	**7,46,345.98**

Note:

The above summary is prepared based on the information available with the company.

v. Exposure to the Capital Market

₹ in lakhs

Particulars		As at March 31, 2017	As at March 31, 2016
(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;	1,626.14	2,766.62

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

v. Exposure to the Capital Market (Contd.)

₹ in lakhs

Particulars		As at March 31, 2017	As at March 31, 2016
(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)	-	-
	Total Exposure	**1,626.14**	**2,766.62**

vi. Other Regulator Registration

SN.	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, 2017	As at March 31, 2016
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, CARE AA, BWR AA+	ICRA AA, CARE AA
Subordinated Debt	ICRA AA, CARE AA, CRISIL AA, IND AA	ICRA AA, CARE AA, CRISIL AA, IND AA(ind)
Perpetual Debt	ICRA AA-, CARE AA-, IND AA-	ICRA AA-, CARE AA-

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

ix. Concentration of Advances

₹ in lakhs

	As at March 31, 2017	As at March 31, 2016
Total Advances to twenty largest borrowers	24,420.96	23,130.60
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.86%	0.89%

x. Concentration of Exposures

₹ in lakhs

	As at March 31, 2017	As at March 31, 2016
Total Exposure to twenty largest borrowers/customers	24,420.96	23,130.60
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	0.86%	0.89%

xi. Concentration of NPAs

₹ in lakhs

	As at March 31, 2017	As at March 31, 2016
Total Exposure to top four NPA accounts	2,047.09	1,944.11

xii. Sector-wise NPAs as on March 31, 2017

₹ in lakhs

SN.	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2017	Percentage of NPAs to Total Advances in that sector as on March 31, 2016
1.	Agriculture & allied activities	2.16%	0.35%
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans (commercial vehicles)	4.71%	3.99%
7.	Other loans	7.40%	3.84%

NOTE : 36 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.193DG (VL) - 2007 DATED FEBRUARY 22, 2007: (Contd.)

xiii. Movement of NPAs (Also Refer Note 2)

₹ in lakhs

Particulars		March 31, 2017	March 31, 2016
(i)	Net NPAs to Net Advances(%)	3.70%	2.35%
(ii)	Movement of Gross NPA		
	(a) Opening balance	1,02,184.86	80,276.26
	(b) Additions during the year	1,02,059.88	65,240.64
	(c) Reductions during the year	(49,742.35)	(43,332.03)
	(d) Closing balance	1,54,502.39	1,02,184.86
(iii)	Movement of Net NPA		
	(a) Opening balance	59,782.62	52,348.16
	(b) Additions during the year	73,593.96	37,991.40
	(c) Reductions during the year	(30,033.42)	(30,556.94)
	(d) Closing balance	1,03,343.16	59,782.62
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	42,402.24	27,928.10
	(b) Provisions made during the year	28,465.92	27,249.24
	(c) Write-off / write-back of excess provisions	(19,708.93)	(12,775.10)
	(d) Closing balance	51,159.23	42,402.24

xiv. Customer Complaints

₹ in lakhs

Particulars	March 31, 2017	March 31, 2016
(a) Pending as at beginning of the year	Nil	8
(b) Received during the year	1,366	1,419
(c) Redressed during the year	1,355	1,427
(d) Pending as at end of the year	11	Nil

Note:

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

NOTE : 37 DISCLOSURE OF FRAUDS REPORTED DURING THE YEAR ENDED MARCH 31, 2016 VIDE DNBS. PD. CC NO. 256/ 03.10.042/ 2011-12 DATED MARCH 02, 2012

There were 139 cases (March 31, 2016 - 62 cases) of frauds amounting to ₹ 3,026.69 lakhs (March 31, 2016 - ₹ 207.47 lakhs) reported during the year. The company has recovered an amount of ₹ 107.64 lakhs (March 31, 2016 - ₹ 42.83 lakhs). The un-recovered amounts are either pending settlement with the insurance companies or have been fully provided/ written off.

NOTE : 38 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

₹ in lakhs

SN.		Loans and Advances in the nature of Loans	Amount Outstanding as at March 31, 2017	Maximum Amount Outstanding during the year
(A)	To Subsidiaries			
	-	Cholamandalam Securities Limited	1,000.00	1,900.00
	-	Cholamandalam Distribution Services Limited	-	-
	-	White Data Systems India Private Limited	271.80	291.30
(B)	To Associates		-	-
(C)	Where there is			
	(i)	No repayment schedule	-	-
	(ii)	Repayment beyond seven years	-	-
	(iii)	No interest	-	-
	(iv)	Interest below the rate as specified in section 372 A of the Companies Act, 1956/section 186 of the Companies Act, 2013	-	-
(D)	To Firms / Companies in which Directors are Interested (other than (A) and (B) above)		-	-
(E)	Investments by the loanee in the shares of Parent company and Subsidiary company		-	-

NOTE : 39 PREVIOUS YEAR'S FIGURES

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.

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

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Independent Auditor's Report

TO THE MEMBERS OF
CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by 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 as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statement of three subsidiaries whose financial statements reflect total assets of ₹ 11,596 lakhs as at March 31, 2017, total revenues of ₹ 3,979 lakhs and net cash outflows amounting to ₹ 559 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries referred in the Other Matters paragraph above 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 financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the subsidiary company's incorporated in India, internal financial controls over financial reporting.

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

i. There were no pending litigations which would impact the consolidated financial position of the Group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditors by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Place : Chennai
Date : April 28, 2017

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 financial statements of the Company as of and for the year ended March 31, 2017, 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 includes internal financial controls over financial reporting of the Company's subsidiaries, 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 and 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 respective Companies 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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No.: 008072S

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Place: Chennai
Date : April 28, 2017

Consolidated Balance Sheet

As at March 31, 2017

₹ in lakhs

	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	15,634.29	15,621.10
Reserves and surplus	4	4,16,931.67	3,51,346.53
		4,32,565.96	**3,66,967.63**
Share Application Money pending Allotment	24 a	**18.13**	**2.51**
Minority Interest		**199.87**	**350.34**
Non-current liabilities			
Long-term borrowings	5	15,10,457.37	10,93,123.00
Other long-term liabilities	6	19,692.59	8,204.28
Long-term provisions	7	58,620.67	49,277.22
		15,88,770.63	**11,50,604.50**
Current liabilities			
Short-term borrowings	5	3,32,814.03	3,97,116.64
Trade payables – Total outstanding dues of			
i) Micro and Small Enterprises		-	-
ii) Creditors other than Micro and Small Enterprises		29,868.50	20,883.12
Current maturities of Long-term borrowings	5	5,73,556.33	7,64,407.00
Other current liabilities	8	1,05,964.32	73,024.07
Short-term provisions	7	8,699.98	15,569.14
		10,50,903.16	**12,70,999.97**
TOTAL		**30,72,457.75**	**27,88,924.95**
ASSETS			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		11,968.50	10,631.51
(ii) Intangible assets		2,307.92	694.73
		14,276.42	**11,326.24**
Goodwill on Consolidation		700.88	700.88
Non-current investments	10	13,432.31	1,236.31
Deferred tax assets (Net)	11	31,537.70	28,238.82
Receivables under financing activity	12	19,93,995.69	18,18,765.84
Long-term loans and advances	13	12,389.63	7,313.52
Trade receivables	16	0.83	0.81
Other non-current assets	14	54,156.06	44,851.18
		21,20,489.52	**19,12,433.60**
Current assets			
Current investments	15	4,775.21	358.70
Trade receivables	16	2,184.07	1,153.27
Cash and Cash Equivalents	17	51,010.25	50,946.36
Receivables under financing activity	12	8,47,259.45	7,72,247.07
Short-term loans and advances	13	4,994.54	4,237.78
Other current assets	14	41,744.71	47,548.17
		9,51,968.23	**8,76,491.35**
TOTAL		**30,72,457.75**	**27,88,924.95**

See accompanying Notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

Bhavani Balasubramanian
Partner

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Consolidated Statement of Profit and Loss

For the year ended March 31, 2017

₹ in lakhs

	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
Revenue			
- Revenue from operations	18	4,69,347.56	4,21,374.99
- Other income	19	336.59	220.40
Total Revenue		**4,69,684.15**	**4,21,595.39**
Expenses			
- Finance costs	20	2,22,792.39	2,04,794.91
- Business origination outsourcing		18,177.34	22,909.72
- Employee benefits expenses	21	41,409.19	26,217.52
- Other operating expenses	22	41,065.01	34,819.91
- Depreciation and amortisation expense	9	3,901.61	2,174.43
- Provisions and loan losses	23	31,595.41	42,733.92
Total Expenses		**3,58,940.95**	**3,33,650.41**
Profit before tax		**1,10,743.20**	**87,944.98**
Tax expense/(benefit):			
- Current Tax			
- Current year		41,984.43	40,182.93
- Prior years		245.76	2.96
- MAT Credit Entitlement			
- Current year		18.09	76.70
- Prior years		1.31	(5.52)
- Deferred tax	11	(3,298.88)	(9,776.71)
Net tax expense		38,950.71	30,480.36
Profit for the period before share of minority interest		**71,792.49**	**57,464.62**
Add : Share of Loss attributable to minority interest		150.47	3.32
Profit for the year		**71,942.96**	**57,467.94**
Earnings per equity share of ₹ 10 each	24 b		
- Basic		46.05	37.91
- Diluted		46.03	37.87

See accompanying Notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

Bhavani Balasubramanian
Partner

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Consolidated Cash Flow Statement

For the year ended March 31, 2017

₹ in lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Cash Flow from Operating Activities				
Profit Before Tax		**1,10,743.20**		**87,944.98**
Adjustments for :-				
Depreciation and amortisation expense	3,901.61		2,174.43	
Provisions/(reversal of provisions) - Long-Term				
- Standard Assets (Net)	586.46		3,313.30	
- Non-Performing Assets under Financing Activity (Net)	8,756.99		14,474.14	
- Doubtful debts	(224.97)		0.12	
- Credit Enhancement and Servicing Costs on Assets De-recognised(Net)	-		(565.88)	
Provisions/(reversal of provisions) - Short-Term				
- Standard Assets (Net)	(3,897.74)		4,359.59	
- Contingencies	486.00		2,449.54	
- Clawback	2.63		(10.41)	
- Doubtful debts	27.12		1.58	
- Compensated Absences(Net)	298.61		145.80	
Loss on Repossessed Assets (Net)	20,263.75		20,158.66	
Loss assets written off	5,853.88		868.66	
Finance Costs	2,22,792.39		2,04,794.91	
(Profit)/Loss on Sale of Fixed Assets (Net)	(0.16)		33.08	
Liability no longer required written back	(12.16)		(120.10)	
Profit on Sale of Current Investments (Net)	(1,474.85)		(728.52)	
Gain on prepayment of Commercial paper and Debentures (Net)	-		(84.26)	
Interest Income on deposits	(5,108.48)		(5,526.89)	
Interest Income on Investments	(173.25)		(26.87)	
Dividend on Investments	(10.46)		(11.06)	
		2,52,067.37		2,45,699.82
Operating Profit Before Working Capital Changes		**3,62,810.57**		**3,33,644.80**
Adjustments for :-				
(Increase)/Decrease in operating Assets - Current/Short-term				
- Receivables under Financing Activity (including Repossessed Assets)	(5,75,475.70)		(4,24,308.75)	
- Other Current Assets and Trade receivables	3,382.84		(2,523.22)	
- Loans and advances	(756.76)	(5,72,849.62)	(1,714.24)	(4,28,546.21)
(Increase)/Decrease in operating Assets - Non - Current/Long-term				
- Receivables under Financing Activity	(1,75,229.85)		(2,71,968.92)	
- Other Non-Current Assets and Trade receivables	(9,965.01)		14,777.03	
- Loans and advances	(226.10)	(1,85,420.96)	363.60	(2,56,828.29)
Securitisation/Assignment of Receivables		4,75,000.00		3,01,696.74
Increase in operating liabilities (Trade Payables & Other current liabilities)				
- Current & Short-term liabilities		17,424.44		6,836.59
- Other Long-term liabilities		10,080.92		53.17
Cash Flow generated from / (used in) Operations		1,07,045.35		(43,143.20)
Finance Costs paid	(1,95,491.90)		(2,04,116.47)	
Interest Received on Bank Deposits and Other Investments	5,261.56		5,627.49	
Profit on Sale of Current Investments (Net)	1,474.85		728.52	
Direct Taxes Paid	(47,976.48)	(2,36,731.97)	(40,007.46)	(2,37,767.92)
Net Cash Used in Operating Activities (A)		**(1,29,686.62)**		**(2,80,911.12)**

Consolidated Cash Flow Statement (Contd.)

For the year ended March 31, 2017

₹ in lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Cash Flow from Investing Activities				
Bank Deposits and Unpaid Dividend Accounts (See Note below)	165.61		(7,258.81)	
Purchase of Fixed Assets	(5,812.21)		(7,707.52)	
Proceeds from Sale of Fixed Assets	62.40		128.05	
Purchase of Other Investments	(28,26,047.54)		(12,23,605.00)	
Proceeds from Sale/ Redemption of Other Investments	28,09,435.04		12,24,467.76	
Dividend Received on Investments	10.46		11.06	
Net Cash Used in Investing Activities (B)		**(22,186.24)**		**(13,964.46)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital and Securities Premium (net of expenses)		254.79		274.60
Increase/(Decrease) in borrowings				
Proceeds from issue of long-term debentures	7,41,800.00		2,63,080.00	
Redemption of long-term debentures	(1,74,040.00)		(1,75,290.00)	
Borrowing - Term Loan from Banks	4,15,900.33		3,93,500.00	
Repayment - Term Loan from Banks	(7,57,176.63)		(3,01,150.00)	
Increase / (Decrease) in short-term borrowings	(64,302.61)	1,62,181.09	1,29,387.62	3,09,527.62
Decrease in Fixed Deposits		(1.08)		(7.21)
Dividends Paid (Including Distribution Tax)		(10,332.44)		(6,679.79)
Net Cash Flow From Financing Activities (C)		**1,52,102.36**		**3,03,115.22**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**229.50**		**8,239.64**
Cash and Cash Equivalents at the Beginning of the year		27,521.34		19,053.66
Cash and Cash Equivalents at the End of the year		**27,750.84**		**27,521.34**
Note:				
Cash and Cash Equivalents at the End of the year as per Balance Sheet		51,010.25		50,946.36
Less: Balance in Current Accounts held for Unpaid Dividends		46.35		36.33
Less: Bank Deposits held for More than Three Months		2,172.28		451.09
Less: Bank Deposits under Lien		21,040.78		22,937.60
		27,750.84		27,521.34

See accompanying Notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

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

Bhavani Balasubramanian
Partner

M.B.N. Rao
Chairman

Date : April 28, 2017
Place : Chennai

P. Sujatha
Company Secretary

D. Arul Selvan
Chief Financial Officer

Vellayan Subbiah
Managing Director

Cholamandalam Investment and Finance Company Limited ("the company") is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans and corporate mortgage loans. The company, through its subsidiaries, is also engaged in the business of broking, distribution of financial products and freight data solutions.

1. Significant Accounting Policies

a) Principles of Consolidation

The consolidated financial statements relate to Cholamandalam Investment and Finance company Limited and its subsidiaries (hereinafter collectively referred to as "the Group"). The consolidated financial statements have been prepared on the following basis:

(i) The Financial Statements of the company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions and resulting in unrealised profits or losses, unless cost cannot be recovered.

(ii) Investments in entities where the company holds interest on a temporary basis and where it does not exercise significant influence / control are not considered for consolidation purposes.

(iii) The Financial Statements of the Subsidiaries in the Consolidation are drawn up to the same reporting date as that of the company i.e. March 31, 2017.

(iv) The excess of Cost to the company of its Investment in the Subsidiaries over the company's portion of Equity on the date of acquisition is recognised in the financial statements as Goodwill. The carrying value of goodwill arising on Consolidation is not amortised but tested for impairment as at the end of each reporting period.

(v) The excess of the company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

(vi) Minority Interest in the Net Assets of the Consolidated Subsidiaries consists of:

  a) The amount of Equity attributable to Minorities at the date on which the investment in the Subsidiary is made; and

  b) The Minorities' share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

(vii) Minority Interest share in the Net Profit for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit After Tax of the Group.

b) Particulars of consolidation

The financial statements of the following subsidiaries (all incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of Voting Power as on March 31, 2017	March 31, 2016
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Distribution Services Limited (CDSL)	100.00%	100.00%
White Data Systems India Private Limited	63.00%	63.00%

c) Basis of accounting and preparation of the financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India (RBI) for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

d) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

e) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) Revenue Recognition

Interest Income is recognised under the Internal Rate of Return method to provide a constant periodic rate of return on net investment outstanding on the Loan contracts. In the case of Non-Performing Loans, interest income is recognised upon realisation, as per the RBI guidelines. Unrealised interest recognised as income in the previous period is reversed in the month in which the loan is classified as Non-Performing.

Interest income on bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Service Charges are recognised on issue of delivery instruction to the dealer/manufacturer in respect of the assets financed or on release of disbursement amount, whichever is earlier, and when there is no uncertainty in receiving the same.

Additional Interest, cheque bounce charges, field visit charges and other penal / servicing charges are recognised as income on realisation due to uncertainty in their collection.

Interest spread on bilateral assignment or securitisation of receivables is recognised over the tenor of the underlying assets as per the RBI guidelines. Loss, if any, in respect of securitisation and assignment is recognised upfront.

Income from non-financing activity is recognised as per the terms of the respective contract on accrual basis.

Brokerage Income on stock broking and other charges are recognised on the trade date of transaction upon confirmation of the transaction by the exchanges.

Income from depository services, finance charges on client dues are recognised on the basis of agreements entered into with the clients and when the right to receive the income is established.

Income from business of providing freight data solution, revenue from transaction fees are charged from the transporter on accrual basis on initiation of trip and in certain cases on receipt of POD from the transporter.

Interest income on bonds and deposits and pass through certificates is recognised on accrual basis.

Commission is recognised on an accrual basis based on contractual obligations and when there is no uncertainty in receiving the same. Commission income is net of service tax.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

Dividend Income is recognised when the right to receive dividend is established.

g) Fixed Assets , Depreciation and Impairment

Fixed Assets are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset. Subsequent expenditure on fixed assets after their purchase / completion is capitalised, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain categories of assets as provided below, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

Useful life of assets as per Schedule II

Asset Description	Estimated Useful Life
Buildings	60 years
Plant and Machinery - Computer Equipment	3 years
Office Equipment	5 years
Leasehold improvements	Lease Period or 5 years, whichever is lower

Useful life of assets based on Management's estimation

Asset Description	Estimated Useful Life
Plant and Machinery - Others*	5 years
Furniture and Fixtures*	5 years
Vehicles*	5 years
Membership card of stock exchanges	10 years

*Estimated useful life of these assets are based on usage and replacement policy of such assets.

Assets individually costing less than or equal to ₹ 5,000 are fully depreciated in the year of acquisition.

Intangible assets are amortised over their estimated useful life on straight line method as follows

Asset Description	Estimated Useful Life
Intangible Assets – Computer Software	License Period or 3 years,` whichever is lower

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The carrying amount of 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 net selling price of the assets and its value in use.

h) Investments

Investments which are long-term in nature are stated at cost. Provision is made for diminution in value if it is of nature other than temporary.

Current investments are individually valued at the lower of cost and fair value.

Costs of investments include acquisition charges such as brokerage, fees and duties.

Long-Term Investments are stated at cost other than the investment in the shares of Bombay Stock Exchange Limited, which is accounted at fair value based on the Expert Advisory Committee opinion on 'Accounting for conversion of membership rights of erstwhile BSE (AOP) into trading rights of BSEL and shares'. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

i) Receivables under Financing Activity, Provisioning and Derecognition

All loan exposures to borrowers with instalment structure are stated at the full agreement value after netting off

(i) Unearned income

(ii) Instalments appropriated up to the Balance Sheet date.

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to minimum provisioning requirements specified by the RBI.

Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

The company sells loan receivables by way of securitisation or direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

j) Repossessed Assets

Repossessed Assets are valued at the lower of cost and the estimated net realisable value.

k) Retirement and Other Benefits

(i) Defined Contribution Plans:

Provident Fund: Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees' Family Pension Fund are based on the statutory provisions as per the Employee Provident Fund Scheme. The Group has no liability for the future Provident Fund benefits other than its contribution and recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

Employees' State Insurance: The Group contributes to Employees' State Insurance Scheme and recognises 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 recognises such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

(ii) Defined Benefit Plan

Expenditure for defined benefit gratuity plan is calculated as at the Balance Sheet date in a manner that distributes expenses over the employees working lives. These commitments are valued at the present value of expected future payments and with consideration for calculated future salary increases.

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 by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

(iii) Long-Term Compensated Absences

The Group accounts its liability for long-term compensated absences based on actuarial valuation, as at the Balance Sheet date determined by an independent actuary using the Projected Unit Credit method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

While the long-term compensated absences is treated as long-term employee benefit for measurement purpose, it is presented as current provision in the Balance Sheet since the company does not have an unconditional right to defer its settlement for 12 months after its reporting date.

(iv) Other-Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

l) Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rates ruling on the date of the transaction. Foreign currency monetary items as at the Balance Sheet date are restated at the closing exchange rates. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the Statement of Profit and Loss.

The Group enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the period.

m) Derivative Accounting

The Group enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

n) Hedge Accounting

The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in “Accounting Standard 30 Financial Instruments: Recognition and Measurement” issued by ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in “Hedging reserve account” under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the “Hedging reserve account” are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in “Hedging reserve account” is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in “Hedging reserve account” is immediately transferred to the Statement of Profit and Loss.

o) Lease Accounting

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

p) Business Origination and Outsourcing

Business origination and outsourcing represents expenditure incurred for sourcing, processing of a loan and back office activities through external service providers. It is recognised in the Statement of Profit and Loss in the period incurred.

q) Service Tax Input Credit

Service Tax Input Credit is accounted for in the books in the period when the underlying service received is accounted and when there is no uncertainty in availing/ utilising the same.

r) Taxation

Income Tax: Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred Tax: Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward losses and items relating to capital losses are recognised if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum alternate tax (MAT) paid in a period is charged to the Statement of Profit and Loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as “MAT Credit Entitlement.” The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent it does not have convincing evidence that it will pay normal tax during the specified period.

s) Employee share based payments

In respect of stock options granted pursuant to the company’s Employee Stock Option Schemes, the company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

t) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the Group has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation.

Contingent liability is disclosed for :-

(i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

u) Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

v) Finance Costs

Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings. Discount on commercial papers and zero coupon bonds is amortised over the tenor of the underlying instrument. Premium payable on redemption of debentures is accrued over the tenor of the debenture.

Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

w) Share issue expenses

Share issue expenses are adjusted against the Securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. The balance of share issue expenses is debited to the Statement of Profit and Loss.

x) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

y) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Operating Cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of Balance Sheet have been classified as Current and other assets and liabilities are classified as Non-current. All Non-performing assets are classified as Non-Current.

z) 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.

2. a) Early adoption of Provision for Non-performing assets and Standard assets

The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016.

In the previous year (March 31, 2016), the company had early adopted the provisioning for standard assets to the extent they are required to be complied by March 31, 2018 and the revised asset classification norms to the extent they are required to be complied by March 31, 2017. Further, on a prudent basis, the company had created a one-time additional provision of ₹ 5,480 lakhs in previous year against standard assets.

In the current year (March 31, 2017), the company has early adopted the revised norms / provisions to the extent they are required to be complied by March 31, 2018.

b) Pursuant to the MCA notification dated March 30, 2017, Accounting Standards 4, Contingencies and Events occurring after the Balance Sheet date, has been revised to state that the dividends declared after the balance sheet date but before the financial statements are approved are not recognised as a provision at the balance sheet date, as there is no obligation existing as that date.

c) Disclosure pursuant to Ministry of Corporate Affairs Notification No. 17/62/2015-CL-V (Vol. I) dated March 30, 2017

₹ in lakhs

Particulars	Specified Bank Notes	Other denomination notes*	Total
Closing cash in hand as on 08.11.2016	155.32	4.66	159.98
(+) Permitted receipts	-	39,107.97	39,107.97
(-) Permitted payments	-	3.56	3.56
(-) Amount deposited in Banks	155.32	38,931.61	39,086.93
Closing cash in hand as on 30.12.2016	-	177.46	177.46

*Includes amount directly deposited by borrowers into company's bank accounts.

d) The company had invested ₹ 800 lakhs in the equity shares of White Data Systems India Private Limited on March 16, 2016 thereby acquiring 63% stake in that company through which the latter has become a subsidiary of the company. The effect of this acquisition is given below:

Goodwill on consolidation

₹ in lakhs

Particulars	As at March 31, 2016
Opening Balance	-
Add: On acquisition of subsidiary during the year	700.88
Closing Balance	700.88

Effect of acquisition of subsidiary

₹ in lakhs

Particulars	As at March 31, 2016
Liabilities as at date of acquisition	
Non-current liabilities	0.38
Current Liabilities	111.56
Assets as at date of acquisition	
Non-current assets	37.64
Current assets	231.63

₹ in lakhs

Particulars	For the period March 16, 2016 to March 31, 2016
Revenue	3.19
Expenses	9.63
Loss before tax	6.44
Loss after tax	8.97

e) **Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries.**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in ₹ Lakhs	As % of consolidated profit or loss	Amount in ₹ Lakhs
1	2	3	4	5
Cholamandalam Investment and Finance Company Limited	98.88%	4,27,732.66	99.20%	71,373.56
Subsidiaries				
1. Cholamandalam Distribution Services Limited	0.31%	1,337.14	0.85%	610.13
2. Cholamandalam Securities Limited	0.67%	2,907.43	0.30%	215.45
3. White Data Systems India Private Limited	0.14%	606.86	(0.35%)	(256.18)
TOTAL	**100.00%**	**4,32,584.09**	**100.00%**	**71,942.96**

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
NOTE : 3 SHARE CAPITAL	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹ 10 each with voting rights	24,00,00,000	24,000.00	24,00,00,000	24,000.00
Preference Shares of ₹ 100 each	5,00,00,000	50,000.00	5,00,00,000	50,000.00
		74,000.00		**74,000.00**
ISSUED				
Equity Shares of ₹ 10 each with voting rights	15,64,14,287	15,641.43	15,62,82,398	15,628.24
		15,641.43		**15,628.24**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 10 each with voting rights	15,62,77,533	15,627.75	15,61,45,644	15,614.56
Add : Forfeited Shares	1,30,900	6.54	1,30,900	6.54
		15,634.29		**15,621.10**

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

₹ in lakhs

Particulars	As at March 31, 2017		As at March 31, 2016	
Equity Shares	**Nos.**	**Amount**	**Nos.**	**Amount**
Outstanding at the beginning of the year	15,61,45,644	15,614.56	14,36,69,203	14,366.92
Conversion of CCPS	-	-	1,22,85,012	1,228.50
Issued during the year - Employees Stock Option (ESOP) Scheme	1,31,889	13.19	1,91,429	19.14
Outstanding at the end of the year	**15,62,77,533**	**15,627.75**	**15,61,45,644**	**15,614.56**
Forfeited shares				
Equity Shares - Amount originally paid up	**1,30,900**	**6.54**	**1,30,900**	**6.54**
1 % Compulsory Convertible Preference Shares	-	-	5,00,00,000	50,000.00
At the beginning of the year				
Issued during the year on preferential basis	-	-	-	-
Conversion of CCPS into Equity Shares	-	-	(5,00,00,000)	(50,000.00)
Outstanding at the end of the year	-	-	-	-

b) (i) Terms/rights attached to Equity shares:

The company has only one class of equity shares having a par value of ₹ 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 (ii) Terms/rights attached to Preference shares

The CCPS has been converted into 1,22,85,012 equity shares of ₹ 10 each on September 02, 2015 at a conversion price of ₹ 407 per share (including premium of ₹ 397 per share) and has been subscribed by Dynasty Acquisition (FDI) Ltd. The preferential dividend is cumulative and paid in full upto the Conversion Date.

c) Equity Shares held by Holding Company/Entity having significant influence over the company:

Particulars	As at March 31, 2017	As at March 31, 2016
Tube Investments of India Limited - Holding company upto August 31, 2015 and Entity having Significant influence over the company from September 01, 2015	7,22,33,019	7,22,33,019

d) Details of shareholding more than 5% shares in the company

Equity Shares

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
Tube Investments of India Limited	7,22,33,019	46.22	7,22,33,019	46.27
Dynasty Acquisitions (FDI) Limited	-	-	1,22,85,012	7.87

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.

e) Shares reserved for issue under options

Refer Note 33 for details of shares reserved for issue under options.

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 4 RESERVES AND SURPLUS		
Capital Reserve	**3.97**	**3.97**
Capital Redemption Reserve (Refer Note 4.1)	**3,300.00**	**3,300.00**
Securities Premium Account		
Balance at the beginning of the year	1,66,698.50	1,17,103.14
Add: Premium on conversion of Compulsorily Convertible Preference Shares (Refer Note 3b (ii)	-	48,771.50
Add: Premium - White Data Systems India Private Limited	-	503.05
Add: Premium on ESOPs exercised	225.98	320.81
Closing balance at the end of the year	**1,66,924.48**	**1,66,698.50**
Statutory Reserve (Refer Note 4.2)		
Balance at the beginning of the year	47,046.48	35,046.48
Add: Amount transferred from surplus in the Statement of Profit and Loss	15,000.00	12,000.00
Closing balance at the end of the year	**62,046.48**	**47,046.48**
General Reserve		
Balance at the beginning of the year	1,10,967.33	80,967.33
Add: Amount transferred from surplus in the Statement of Profit and Loss	30,000.00	30,000.00
Closing balance at the end of the year	**1,40,967.33**	**1,10,967.33**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	23,330.25	16,574.57
Profit for the year	71,942.96	57,467.94
Less:		
Dividend		
Equity for previous year (Refer Note 4.3)	(0.89)	(0.45)
Equity Interim - Paid (₹ 2.50 per share)	(5,469.31)	(3,902.95)
Equity - Proposed (₹ 2 per share) (Refer Note 4.4)	-	(3,122.91)
Preference	-	(212.33)
Distribution tax on Equity Dividend	(1,113.60)	(1,430.39)
Distribution tax on Preference Dividend	-	(43.23)
Transfer to Statutory Reserve	(15,000.00)	(12,000.00)
Transfer to General Reserve	(30,000.00)	(30,000.00)
Net surplus in the Statement of Profit and Loss at the end of the year	**43,689.41**	**23,330.25**
Total Reserves and Surplus	**4,16,931.67**	**3,51,346.53**

4.1 Represents the amount transferred for a sum equal to the nominal value of shares redeemed during prior years.

4.2 Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

4.3 Represents dividend payment relating to previous year in respect of 44,470 shares (March 31, 2016 - 45,251) shares which were allotted to the employees under the ESOP Scheme, 2007 after March 31, 2017 but before July 27, 2017 (book closure date).

4.4 The Board of Directors of the company have recommended a final dividend of 20% being ₹ 2 per share on the equity shares of the company, for the year ended March 31, 2017 which is subject to approval of shareholders. Consequently the proposed dividend has not been recoreded in the books in accordance with AS-4 (Revised).

₹ in lakhs

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 5 BORROWINGS (Refer Note 5.3)				
LONG-TERM				
Redeemable Non-convertible Debentures				
Medium Term - Secured - Refer Note 5.1 (i) & 5.2 (i) to (iii)	6,78,400.00	3,15,620.00	3,51,520.00	1,69,040.00
Subordinated debt - Unsecured - Refer Note 5.2 (iv) & 5.2 (v)	1,65,800.00	1,45,800.00	7,500.00	5,000.00
Perpetual debt - Unsecured-Refer Note 5.2 (vi)	1,10,070.00	1,10,070.00	-	-
Term Loans				
Rupee Loans from Banks - Secured - Refer Note 5.1 (ii) & 5.2 (vii)	3,39,066.00	5,21,633.00	2,01,567.33	5,90,367.00
Foreign currency loans from banks - Secured - Refer Note 5.1(ii) & 5.2 (vii)	2,17,121.37	-	12,969.00	-
	15,10,457.37	**10,93,123.00**	**5,73,556.33**	**7,64,407.00**
The above amount includes:				
Secured borrowings	12,34,587.37	8,37,253.00	5,66,056.33	7,59,407.00
Unsecured borrowings	2,75,870.00	2,55,870.00	7,500.00	5,000.00
Amount disclosed under the head "Current Maturities of Long-term borrowings"	-	-	(5,73,556.33)	(7,64,407.00)
	15,10,457.37	**10,93,123.00**	-	-
SHORT-TERM				
Working capital Demand loans and cash credit from Banks				
- Secured - (Refer Note 5.1(iii))	-	-	66,314.03	1,14,491.64
- Unsecured	-	-	-	10,000.00
Other Borrowings - Unsecured	-	-	-	25.00
Commercial paper - Unsecured	-	-	2,66,500.00	2,72,600.00
	-	-	3,32,814.03	3,97,116.64
The above amount includes:				
Secured borrowings	-	-	66,314.03	1,14,491.64
Unsecured borrowings	-	-	2,66,500.00	2,82,625.00
	-	-	**3,32,814.03**	**3,97,116.64**

5.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to automobile financing, corporate mortgage loans and loans against immovable property and pari passu charge on immovable property situated at Ahmedabad and Chennai.

(ii) Term loans from banks are secured by way of specific charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(iii) Working Capital Demand loans and Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other current assets.

5.2 Details of Debentures

(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, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs		
250	10,00,000	2,500	-	Nov-26	8.55
50	10,00,000	500	-	Mar-22	8.35
800	10,00,000	8,000	-	Apr-20	8.10 to 9.02
500	10,00,000	5,000	-	Mar-20	9.02
2,000	10,00,000	20,000	-	Feb-20	8.02
2,750	10,00,000	27,500	7,000	Nov-19	8.10 to 9.10
4,000	10,00,000	40,000	-	Oct-19	8.15 to 8.20
3,850	10,00,000	38,500	-	Sep-19	8.06 to 8.30
750	10,00,000	7,500	7,500	Aug-19	9.90
300	10,00,000	3,000	3,000	Jul-19	9.90
2,750	10,00,000	27,500	1,000	Jun-19	9.13 to 9.90
5,750	10,00,000	57,500	-	May-19	8.90 to 9.20
850	10,00,000	8,500	-	Apr-19	8.96 to 9.20
6,300	10,00,000	63,000	3,000	Mar-19	7.95 to 8.27
3,700	10,00,000	37,000	-	Feb-19	7.98 to 8.05
2,000	10,00,000	20,000	-	Dec-18	8.20
2,350	10,00,000	23,500	8,500	Nov-18	7.80 to 9.10
6,400	10,00,000	64,000	22,500	Sep-18	8.27 to 11.00
500	10,00,000	5,000	5,000	Aug-18	9.03
5,450	10,00,000	54,500	-	Jun-18	8.95 to 9.13
11,430	10,00,000	1,14,300	18,800	May-18	8.96 to 9.65
400	10,00,000	4,000	4,000	Apr-18	9.10 to 9.11
11,550	10,00,000	1,15,500	38,500	Mar-18	8.15 to 9.35
3,250	10,00,000	32,500	-	Feb-18	8.90
2,500	10,00,000	25,000	25,000	Dec-17	10.50
2,450	10,00,000	24,500	24,500	Nov-17	8.90 to 9.55
550	10,00,000	5,500	5,500	Aug-17	9.00
650	10,00,000	6,500	6,500	Jul-17	9.90
5,755	10,00,000	57,550	57,550	Jun-17	8.90 to 9.90
65	10,00,000	650	650	May-17	9.24 to 9.25
1,500	10,00,000	15,000	15,000	Apr-17	9.35
750	10,00,000	-	7,500	Mar-17	9.10 to 9.52
250	10,00,000	-	2,500	Jan-17	10.25
550	10,00,000	-	5,500	Nov-16	9.18 to 9.19
2,000	10,00,000	-	20,000	Sep-16	11.00
550	10,00,000	-	5,500	Aug-16	8.91 to 9.81
450	10,00,000	-	4,500	Jul-16	9.90
5,300	10,00,000	-	53,000	Jun-16	9.65 to 9.90
2,550	10,00,000	-	25,500	May-16	9.40 to 9.60
		9,14,000	**3,77,500**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No. of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		March 31, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs			
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
750	10,00,000	7,500	-	Sep-19	12,98,729	2,98,729
80	10,00,000	800	-	Jul-19	12,66,148	2,66,148
500	10,00,000	5,000	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	800	800	Apr-19	13,08,150	3,08,150
250	10,00,000	2,500	2,500	Apr-19	13,13,730	3,13,730
250	10,00,000	2,500	2,500	Mar-19	16,23,240	6,23,240
100	10,00,000	1,000	1,000	Mar-19	16,19,345	6,19,345
160	10,00,000	1,600	1,600	Feb-19	16,35,566	6,35,566
580	10,00,000	5,800	5,800	Nov-18	13,57,496	3,57,496
100	10,00,000	1,000	1,000	Jul-18	13,02,320	3,02,320
150	10,00,000	1,500	1,500	Jul-18	12,59,970	2,59,970
100	10,00,000	1,000	1,000	May-18	15,80,260	5,80,260
250	10,00,000	2,500	2,500	Apr-18	13,01,077	3,01,077
60	10,00,000	600	600	Apr-18	12,95,193	2,95,193
250	10,00,000	2,500	-	Mar-18	11,26,095	1,26,095
110	10,00,000	1,100	1,100	Dec-17	13,60,923	3,60,923
110	10,00,000	1,100	1,100	Oct-17	13,17,130	3,17,130
850	10,00,000	8,500	8,500	Aug-17	11,88,380	1,88,380
100	10,00,000	1,000	1,000	Aug-17	13,20,598	3,20,598
75	10,00,000	750	750	Jul-17	13,23,949	3,23,949
100	10,00,000	1,000	1,000	Jun-17	11,76,932	1,76,932
50	10,00,000	500	500	Jun-17	11,86,518	1,86,518
135	10,00,000	1,350	1,350	Jun-17	11,89,472	1,89,472
43	10,00,000	430	430	Jun-17	11,87,498	1,87,498
170	10,00,000	1,700	1,700	Jun-17	13,11,675	3,11,675
267	10,00,000	2,670	2,670	Jun-17	13,14,349	3,14,349
75	10,00,000	750	750	May-17	11,88,908	1,88,908
70	10,00,000	700	700	May-17	11,87,780	1,87,780
120	10,00,000	1,200	1,200	May-17	11,90,320	1,90,320
200	10,00,000	2,000	2,000	May-17	11,90,740	1,90,740
150	10,00,000	1,500	1,500	May-17	11,92,760	1,92,760
100	10,00,000	1,000	1,000	Apr-17	11,86,652	1,86,652
20	10,00,000	200	200	Apr-17	11,85,196	1,85,196
135	10,00,000	1,350	1,350	Apr-17	11,88,908	1,88,908
570	10,00,000	5,700	5,700	Apr-17	11,88,907	1,88,907
140	10,00,000	1,400	1,400	Apr-17	11,88,344	1,88,344
42	10,00,000	420	420	Apr-17	11,90,320	1,90,320
100	10,00,000	-	1,000	Jan-17	11,55,522	1,55,522
600	10,00,000	-	6,000	Dec-16	12,07,943	2,07,943
1000	10,00,000	-	10,000	Dec-16	11,47,158	1,47,158
93	10,00,000	-	930	Dec-16	11,42,218	1,42,218
50	10,00,000	-	500	Dec-16	11,38,193	1,38,193
250	10,00,000	-	2,500	Nov-16	11,98,622	1,98,622
80	10,00,000	-	800	Nov-16	11,96,826	1,96,826

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option (Contd.)

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
500	10,00,000	-	5,000	Oct-16	11,36,517	1,36,517
210	10,00,000	-	2,100	Sep-16	12,04,369	2,04,369
145	10,00,000	-	1,450	Aug-16	12,06,965	2,06,965
190	10,00,000	-	1,900	Aug-16	12,02,972	2,02,972
80	10,00,000	-	800	Aug-16	12,05,120	2,05,120
40	10,00,000	-	400	Aug-16	12,04,987	2,04,987
100	10,00,000	-	1,000	Aug-16	12,07,458	2,07,458
100	10,00,000	-	1,000	Jul-16	12,12,495	2,12,495
236	10,00,000	-	2,360	Jun-16	12,01,019	2,01,019
250	10,00,000	-	2,500	May-16	13,17,510	3,17,510
50	10,00,000	-	500	May-16	13,30,118	3,30,118
250	10,00,000	-	2,500	May-16	13,14,733	3,14,733
180	10,00,000	-	1,800	Apr-16	12,09,052	2,09,052
		85,920	**1,07,160**			

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

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Due date of redemption	Put option date	Rate of interest %
500	10,00,000	5,000	-	Mar-19	Feb-18	8.90
2500	10,00,000	25,000	-	Sep-19	Sep-17	8.20
		30,000	**-**			

₹ in lakhs

	Non - Current		Current		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Redeemable at par - No put call option	6,31,300	2,53,500	2,82,700	1,24,000	9,14,000	3,77,500
Redeemable at premium - No put call option	47,100	62,120	38,820	45,040	85,920	1,07,160
Redeemable at par - with put option	-	-	30,000	-	30,000	-
	6,78,400	**3,15,620**	**3,51,520**	**1,69,040**	**10,29,920**	**4,84,660**

(iv) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Due date of redemption	Rate of interest %
100	10,00,000	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	-	Nov-23	9.08 to 9.20
500	10,00,000	5,000	-	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	7,000	7,000	Jun-19	11.40
1,500	10,00,000	15,000	15,000	May-19	11.70 to 11.75
100	10,00,000	1,000	1,000	Nov-18	10.55
250	10,00,000	2,500	2,500	Sep-18	11.25
895	10,00,000	8,950	8,950	Aug-18	12.25
620	10,00,000	6,200	6,200	Jun-18	10.55 to 12.25
750	10,00,000	7,500	7,500	Nov-17	12.75
150	10,00,000	-	1,500	Mar-17	11.25
350	10,00,000	-	3,500	Feb-17	11.15
		1,71,800	**1,50,800**		

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

No. of Debentures	Face Value ₹	Balance as at March 31, 2017 ₹ in lakhs	Balance as at March 31, 2016 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
150	10,00,000	1,500	-	Nov-23	17,57,947	7,57,947
		1,500	**-**			

₹ in lakhs

	Non - Current		Current		Total	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Redeemable at par - No put call option	1,64,300	1,45,800	7,500	5,000	1,71,800	1,50,800
Redeemable at premium - No put call option	1,500	-	-	-	1,500	-
Total	**1,65,800**	**1,45,800**	**7,500**	**5,000**	**1,73,300**	**1,50,800**

(vi) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No. of Debentures	Face Value ₹	Balance as at		"Maturity Date - Perpetual" (Call option available; with prior approval of RBI)	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		March 31, 2017 ₹ in lakhs	March 31, 2016 ₹ in lakhs		
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,10,070	**1,10,070**		

(vii) Details of term loans

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non - Current		Current	
			As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Base Rate / MCLR	< 1year	1	-	-	82,500	2,65,000
		2	-	-	-	6,000
		3	-	-	10,000	-
		4	-	-	-	30,000
	1-2 years	1	20,000	72,460	-	-
		2	4,567	14,920	4,567	15,000
		3	-	24,000	-	28,000
		4	30,000	44,000	-	14,000
		5	-	20,000	-	30,000
		8	8,000	-	8,000	-
	2-3 years	1	83,500	75,000	-	-
		3	10,000	9,133	5,000	4,367
		4	20,000	30,000	-	-
		5	20,000	51,000	-	19,000
		8	-	27,500	-	2,500
		9	10,000	-	8,000	-
		10	-	16,000	-	4,000

(vii) Details of term loans (Contd.)

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding			
			Non - Current		Current	
			As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Base Rate/MCLR + spread (0.05% to 0.40%)	< 1year	1	-	-	21,500	1,25,000
		2		-	14,000	-
		6		-	-	15,000
	1-2 years	1	80,000	40	-	-
		2	-	80	-	-
		3	5,000	-	10,000	-
		4	18,000	7,500	18,000	22,500
	2-3 years	1		80,000	-	-
		3			-	
		4		30,000		-
		5		-		-
Rate based on 3 - Month T Bill + Spread	< 1year	1	-	-	-	10,000
Fixed Rate	< 1year	1	-	-	20,000	-
	1-2 years	1	30,000	20,000		-
	2-3 years	1	23,323	-		
Total			**3,62,390**	**5,21,633**	**2,01,567**	**5,90,367**
USD Overnight LIBOR + Spread	1-2 years	1	-	-	12,969	
USD 3M LIBOR + Spread	1-2 years	1	28,735	-	-	-
USD 6M LIBOR + Spread	1-2 years	1	48,471	-	-	-
	2-3 years	1	1,16,592	-	-	-
Total			**1,93,798**	**-**	**12,969**	**-**

5.3 The company has not defaulted in the repayment of dues to its lenders.

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 6 OTHER LONG - TERM LIABILITIES		
Advance from Customers	73.63	87.90
Interest accrued but not due on borrowings	9,226.33	7,818.94
Financial liabilities on derivative transactions	10,102.59	-
Deferred Rent	290.04	297.44
	19,692.59	**8,204.28**

₹ in lakhs

Particulars	Long - Term		Short-Term	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 7 PROVISIONS				
Provisions for Employee Benefits				
- Compensated Absences (Refer Note 28 (b))	-	-	1,530.81	1,232.20
	-	-	1,530.81	1,232.20
Other provisions				
Provision for Standard Asset (Refer Note 32 and Note 2 a)	7,461.44	6,874.98	3,422.52	7,320.26
Provision for Non performing Assets (Refer Note 32 and Note 2 a)	51,159.23	42,402.24	-	-
Provision for Contingencies (Refer Note 32)	-	-	2,947.54	2,461.54
Provision for Contingent Service Tax Claims (Refer Note 32)	-	-	792.37	792.37
Provision for Clawback Commission (Refer Note 32)	-	-	6.74	4.11
Provision for taxation	-	-	-	-
Proposed Dividend - Equity (Refer note 2b & 4.4)	-	-	-	3,122.91
Provision for Distribution tax on proposed Dividend - Equity	-	-	-	635.75
	58,620.67	49,277.22	7,169.17	14,336.94
	58,620.67	**49,277.22**	**8,699.98**	**15,569.14**

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 8 OTHER CURRENT LIABILITIES		
Interest Accrued but Not Due on Borrowings / Other Deposits	67,526.57	43,022.16
Income received in advance	157.93	173.38
Unpaid Dividend (Refer Note 8.1)	46.35	36.33
Fixed Deposits including interest accrued there on - Matured and unclaimed (Refer Note 8.2 & 8.3)	0.15	1.23
Advances from customers/others	2,189.57	2,379.62
Security Deposit received	476.43	642.12
Remittance payables - Derecognised assets (Refer Note 17.1)	33,167.32	24,571.49
Insurance premium collected from customers	-	1,114.27
Statutory dues	456.19	571.15
Other liabilities *	1,943.81	512.32
	1,05,964.32	**73,024.07**
* Other liabilities include Gratuity Payable (Refer Note 28 (a))	1,097.14	177.81

8.1 There are no amounts of Unpaid Dividend due and outstanding to be credited to the Investor Education and Protection Fund (IEPF)

8.2 As at March 31, 2017, in respect of overdue amounts totalling to ₹ 0.11 lakh (March 31, 2016 - ₹ 0.11 lakh), payments have not been made as per instructions received from the Central Bureau of Investigation.

8.3 Pursuant to the company obtaining a fresh Certificate of Registration dated December 11, 2006 from the Reserve Bank of India (RBI) for carrying on the business of Non-Banking Financial Institution without accepting public deposits, consequent to its decision to exit from deposit accepting activities effective November 01, 2006, the company has a total deposit of ₹ 0.29 lakh as at March 31, 2017 (March 31, 2016 - ₹ 2.75 lakhs) in an Escrow Account, as directed by the RBI. Also refer Note 17.

NOTE : 9 FIXED ASSETS

As at March 31, 2017

₹ in lakhs

Description	Gross Block				Accumulated Depreciation and Amortisation				Net Block as at	
	Cost as at March 31, 2016	Additions	Deletions	Cost as at March 31, 2017	Upto March 31, 2016	Provided for the year	Withdrawn during the year	Cost as at March 31, 2017	March 31, 2017	March 31, 2016
Property Plant and Equipment										
Tangible Asset (owned)										
Freehold Land	3,956.19	-	-	3,956.19	-	-	-	-	3,956.19	3,956.19
Buildings	3,471.22	-	-	3,471.22	847.66	48.06	-	895.72	2,575.50	2,623.56
(Refer Note below)										
Plant and Machinery	5,280.78	1,360.59	100.90	6,540.47	3,340.49	1,248.01	100.61	4,487.89	2,052.58	1,940.29
Office Equipment	1,894.69	745.28	23.88	2,616.09	1,376.39	379.81	12.67	1,743.53	872.56	518.30
Furniture and Fixtures	1,926.46	614.90	4.86	2,536.50	1,460.73	494.36	4.78	1,950.31	586.19	465.73
Leasehold improvements	2,470.18	1,117.53	0.73	3,586.98	1,928.32	529.60	0.69	2,457.23	1,129.75	541.86
Vehicles	907.42	464.51	160.08	1,211.85	325.98	203.65	109.46	420.17	791.68	581.44
Total	**19,906.94**	**4,302.81**	**290.45**	**23,919.30**	**9,279.57**	**2,903.49**	**228.21**	**11,954.85**	**11,964.45**	**10,627.37**
Investment Property	11.46			11.46	7.32	0.09		7.41	4.05	4.14
Total - 1	**19,918.40**	**4,302.81**	**290.45**	**23,930.76**	**9,286.89**	**2,903.58**	**228.21**	**11,962.26**	**11,968.50**	**10,631.51**
Intangible Asset										
(Acquired)										
Computer Software	4,134.52	2,611.22	-	6,745.74	3,439.79	998.03	-	4,437.82	2,307.92	694.73
Stock Exchange	65.75	-	-	65.75	65.75	-	-	65.75	-	-
Membership Card										
Total - 2	**4,200.27**	**2,611.22**	**-**	**6,811.49**	**3,505.54**	**998.03**	**-**	**4,503.57**	**2,307.92**	**694.73**
Grand Total (1 + 2)	**24,118.67**	**6,914.03**	**290.45**	**30,742.25**	**12,792.43**	**3,901.61**	**228.21**	**16,465.83**	**14,276.42**	**11,326.24**

NOTE : 9 FIXED ASSETS (Contd.)

As at March 31, 2016

₹ in lakhs

Description	Gross Block					Accumulated Depreciation and Amortisation					Net Block as at	
	Cost as at March 31, 2015	Additions	Deletions	Acquired during the year (White Data Systems India Private Limited)	Cost as at March 31, 2016	Upto March 31, 2015	Provided for the year	Withdrawn during the year	Acquired during the year (White Data Systems India Private Limited)	Upto March 31, 2016	March 31, 2016	March 31, 2015
Property Plant and Equipment												
Tangible Asset (owned)												
Freehold Land	464.19	3,492.00	-	-	3,956.19	-	-	-	-	-	3,956.19	464.19
Buildings	3,452.31	18.91	-	-	3,471.22	800.00	47.66	-	-	847.66	2,623.56	2,652.31
(Refer Note below)												
Plant and Machinery	3,836.50	1,736.46	297.14	4.96	5,280.78	2,937.60	697.14	294.78	0.53	3,340.49	1,940.29	898.90
Office Equipment	1,781.32	168.41	72.00	16.96	1,894.69	1,199.98	235.46	60.01	0.96	1,376.39	518.30	581.34
Furniture and Fixtures	1,994.33	153.06	221.93	1.00	1,926.46	1,351.39	288.12	178.90	0.12	1,460.73	465.73	642.94
Leasehold improvements	2,430.57	299.21	259.60	-	2,470.18	1,757.31	428.89	257.88	-	1,928.32	541.86	673.26
Vehicles	921.00	275.51	289.09	-	907.42	328.64	184.39	187.05	-	325.98	581.44	592.36
Total	**14,880.22**	**6,143.56**	**1,139.76**	**22.92**	**19,906.94**	**8,374.92**	**1,881.66**	**978.62**	**1.61**	**9,279.57**	**10,627.37**	**6,505.30**
Investment Property	11.46				11.46	7.23	0.09			7.32	4.14	4.23
Total - 1	**14,891.68**	**6,143.56**	**1,139.76**	**22.92**	**19,918.40**	**8,382.15**	**1,881.75**	**978.62**	**1.61**	**9,286.89**	**10,631.51**	**6,509.53**
Intangible Asset (Acquired)												
Computer Software	3,713.17	595.04	189.25	15.56	4,134.52	3,337.41	290.49	189.26	1.15	3,439.79	694.73	375.76
Stock Exchange Membership Card	170.75	-	105.00	-	65.75	168.56	2.19	105.00	-	65.75	-	2.19
Total - 2	**3,883.92**	**595.04**	**294.25**	**15.56**	**4,200.27**	**3,505.97**	**292.68**	**294.26**	**1.15**	**3,505.54**	**694.73**	**377.95**
Grand Total (1 + 2)	**18,775.60**	**6,738.60**	**1,434.01**	**38.48**	**24,118.67**	**11,888.12**	**2,174.43**	**1,272.88**	**2.76**	**12,792.43**	**11,326.24**	**6,887.48**

Note:

Cost of Buildings (Office Premises / flats) is inclusive of undivided interest in land.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 10 NON - CURRENT INVESTMENTS (valued at cost unless stated otherwise)		
Non Trade Investments		
Investment in Equity shares - **Unquoted**		
Amaravathi Sri Venkatesa Paper Mills Limited 2,93,272 Equity shares of ₹ 10 each fully paid up	129.04	129.04
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up	0.10	0.10
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up	0.25	0.25
Madras Stock Exchange Limited 2,85,000 Shares of ₹ 1 each fully paid up	0.15	0.15
Chola Insurance Services Limited 19,133 Shares of ₹ 10 each fully paid up	1.91	1.91
Investment in other shares - **Unquoted**		
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only	0	0
Investment in other shares - **Quoted**		
Coromandel Engineering company Limited 25,00,100 shares of ₹ 10 each fully paid	500.25	500.25
Bombay Stock Exchange Limited 1,30,000 Shares of ₹ 1 each fully paid up	138.04	138.04
Investment in Venture Capital Fund - **Unquoted** Faering India Capital Evolving Fund	386.54	466.57
Investment in Pass Through Certificates - **Unquoted**		
Platinum Trust Feb 2014 Tranc III	-	56.51
Platinum Trust Dec 2013	-	29.66
Platinum Trust Mar 2014	-	28.37
Platinum Trust Dec 2013 Tranc III	-	74.16
Platinum Trust Aug 2016 TR II	390.81	
Platinum Trust Aug 2016	1,023.72	
Platinum Trust Sep 2016 TR II	849.33	
Platinum Trust Sep 2016	1,084.95	
Platinum Trust Dec16 TR II	1,103.76	
Platinum Trust Nov 2016	688.22	
Platinum Trust Dec 2016	665.78	
Platinum Trust Jan 2017	916.91	
Platinum Trust Feb 2017	1,918.97	
Platinum Trust Feb 2017 TR-III	1,445.39	
Platinum Trust Feb 2017-II	1,231.92	
Platinum Trust Mar 2017 TR-IV	1,160.29	
Platinum Trust Mar 2017 TR-III	1,550.38	
Platinum Trust Mar 2017 TR-II	1,597.03	
Platinum Trust Mar 2017	1,258.78	
Amount disclosed under Current Investments	(4,610.21)	(188.70)
	13,432.31	**1,236.31**
Aggregate Value of Unquoted Investments - At Cost	**13,432.31**	**1,236.31**
Aggregate Value of Quoted Investments - At cost	138.04	138.04
Market value of Quoted Investments	-	-

₹ in lakhs

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 11 DEFERRED TAX ASSETS (Net)			
Deferred Tax Assets			
Provision for Standard Assets		3,766.72	4,912.69
Provision for Non-Performing Assets		15,544.53	14,674.57
Provision for Repossessed Automobile assets		1,141.31	979.04
Provision for Contingent Service Tax		274.22	348.60
Income Derecognised on Non-Performing Assets		7,273.98	5,265.83
Provision for Contingencies		1,020.08	851.89
Unrealised Excess Interest Spread on Assignment/Securitisation		2,246.12	1,851.91
Provision for compensated absences and gratuity		892.77	475.08
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961		479.11	531.47
Others		245.47	104.84
	(A)	**32,884.31**	**29,995.92**
Deferred Tax Liability			
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.		3.75	3.09
Unamortised Prepaid Finance Charges		1,342.86	1,754.01
	(B)	**1,346.61**	**1,757.10**
Net Deferred Tax Assets (A) - (B)		**31,537.70**	**28,238.82**
Deferred Tax benefit in the Statement of Profit and Loss		**3,298.88**	**9,776.71**

₹ in lakhs

Particulars	Non - Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY				
Secured (Refer Note 12.1)				
Automobile Financing	12,00,472.96	10,60,567.36	7,12,764.44	6,65,205.40
Loans against Immovable Property	6,94,032.97	6,81,318.71	46,469.72	48,811.89
Construction Equipment Financing	42,036.48	21,518.46	23,365.86	10,709.12
Loans against Securities	1,328.87	2,266.21	297.27	500.41
Other Loans	835.02	484.21	-	-
Amount Retained on Assigned Assets	10,330.18	14,877.78	1,108.75	1,337.60
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.3)	42,950.67	37,326.37	35,389.24	23,725.49
Total (a)	**19,91,987.15**	**18,18,359.10**	**8,19,395.28**	**7,50,289.91**
Unsecured				
Loan to Automobile Dealers	547.83	354.01	9,746.04	10,087.75
Bills Discounted	1,322.96	-	13,399.28	10,700.63
Other Loans	100.92	3.80	4,563.20	1,106.51
Instalments and Other Dues from Borrowers (Refer Note 12.2 & 12.4)	36.83	48.93	155.65	62.27
Total (b)	**2,008.54**	**406.74**	**27,864.17**	**21,957.16**
Total receivables under financing activity (a) + (b)	**19,93,995.69**	**18,18,765.84**	**8,47,259.45**	**7,72,247.07**

₹ in lakhs

Particulars	Non - Current As at March 31, 2017	Non - Current As at March 31, 2016	Current As at March 31, 2017	Current As at March 31, 2016
NOTE : 12 RECEIVABLES UNDER FINANCING ACTIVITY (Contd.)				
12.1 Secured means exposures secured wholly or partly by hypothecation of automobile assets and / or, pledge of securities and / or, equitable mortgage of property and/ or, corporate guarantees or personal guarantees and/ or, undertaking to create a security.				
12.2 Refer Note 7 for Provision for Non-Performing Assets. No adjustment to the above classification of Secured / Unsecured has been made on account of such provisioning.				
12.3 Secured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	30,536.65	27,916.87		
12.4 Unsecured Instalments and Other Dues from Borrowers include amounts outstanding for more than 6 months from the due date	36.83	48.93		
Of the above:				
Considered Good	18,39,493.30	17,16,580.98	8,47,259.45	7,72,247.07
Others - Non-Performing Assets	1,54,502.39	1,02,184.86	-	-
	19,93,995.69	18,18,765.84	8,47,259.45	7,72,247.07

₹ in lakhs

Particulars	Long-Term As at March 31, 2017	Long-Term As at March 31, 2016	Short-Term As at March 31, 2017	Short-Term As at March 31, 2016
NOTE : 13 LOANS AND ADVANCES				
Unsecured - considered good (unless otherwise stated)				
Capital Advances	546.92	1,648.74	-	-
Security Deposits	767.19	512.13	835.32	713.73
Deposits with Stock Exchanges	137.70	137.70	833.64	457.14
Prepaid expenses	47.27	35.38	776.46	507.36
Service tax input credit	17.43	-	300.21	324.76
Service tax input credit (considered doubtful)	175.31	232.61	-	-
Less: Provision	-	(224.97)	-	-
	175.31	7.64	-	-
Advance tax (net of provision for tax)	10,460.52	4,714.23	-	-
MAT Credit entitlement (net)	235.84	255.24	-	-
Other advances *	1.45	2.46	2,248.91	2,234.79
	12,389.63	**7,313.52**	**4,994.54**	**4,237.78**
* Other advances includes:-				
Gratuity (Refer Note 28 (a))	-	-	-	4.86
Disputed Sales tax / Value Added tax paid under protest	-	-	1,418.28	1,394.33

₹ in lakhs

Particulars	Non - Current As at March 31, 2017	As at March 31, 2016	Current As at March 31, 2017	As at March 31, 2016
NOTE : 14 OTHER ASSETS				
Unsecured - considered good (unless otherwise stated)				
Deposit with Banks as collateral towards assets derecognised (Refer Note 17)	48,155.44	40,983.39	-	-
Prepaid Finance Charges	3,207.66	3,867.79	1,307.38	1,200.43
Prepaid Discount on Commercial Papers	-	-	9,767.98	10,603.49
Reposessed Automobile assets *	-	-	2,202.35	2,856.66
Interest and Other Income Accrued but Not Due				
- on Loans to Customers	-	-	20,857.70	27,590.17
- on Deposits and Investments	-	-	224.96	204.79
Financial assets on derivative transactions	2,792.96	-	-	-
Unbilled revenue	-	-	-	8.23
Other Accruals and receivables **	-	-	7,384.34	5,084.40
	54,156.06	**44,851.18**	**41,744.71**	**47,548.17**
* Net of Provision			3,484.34	2,830.58

** includes - ₹ 4,426.43 lakhs (March 31, 2016 - ₹ 3,920.29 lakhs) receivable from the assignees / investors on remittance of the dues towards derecognized assets referred in Note 8.

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 15 CURRENT INVESTMENTS (valued at lower of cost and fair value, unless stated otherwise - Non-Trade)		
Investments in Mutual Funds - **Unquoted**	165.00	170.00
Current Portion of Long-term Investment in Pass Through Certificates - **Unquoted**	4,610.21	188.70
	4,775.21	**358.70**

₹ in lakhs

Particulars	Long-Term As at March 31, 2017	As at March 31, 2016	Short-Term As at March 31, 2017	As at March 31, 2016
NOTE : 16 TRADE RECEIVABLES				
Secured - Considered Good	0.83	0.81	1,923.10	1,094.28
Unsecured - Considered Good	-	-	248.37	58.99
Unsecured - Considered Doubtful	94.51	94.53	75.51	35.79
Less:Provision for Doubtful Debts	(94.51)	(94.53)	(62.91)	(35.79)
	0.83	**0.81**	**2,184.07**	**1,153.27**
Trade Receivables outstanding for a period of more than 6 months from the due date				
Secured - Considered Good			24.02	23.81
Unsecured - Considered Doubtful			34.05	35.50

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 17 CASH AND CASH EQUIVALENTS		
Cash on hand	3,597.55	5,057.29
Cheques, Drafts on hand	2,740.12	2,014.65
Balances with banks		
- In Current Accounts (Refer Note 17.1)	21,383.17	18,432.60
- In Deposit Accounts - Original maturity 3 months or less	30.00	2,016.80
- In Deposit Accounts - Original maturity more than 3 months (Refer Note 17.2)	2,172.28	451.09
- In earmarked accounts (Refer Note 17.3)		
- In Unclaimed Dividend Accounts	46.35	36.33
- In Client and Exchange related Accounts	1,153.26	281.17
- In Deposit Accounts (Under Lien)	812.50	712.50
- Deposit with Banks as collateral towards assets derecognised	67,222.61	62,917.00
- Amount disclosed under Non current bank balances (Refer Note 8.3)	(48,155.44)	(40,983.39)
	19,067.17	21,933.61
- Public deposit Escrow Account (Refer Note 8.3)	0.29	2.75
- Other Deposit Account	7.56	7.57
	51,010.25	**50,946.36**

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 (Cash Flow Statements) is ₹ 27,750.84 lakhs (March 31, 2016 - ₹ 27,521.34 lakhs).

17.1 Balances with Banks on Current Accounts and cash, cheques and drafts on hand include amounts collected in respect of assets de-recognised on account of Assignment /Securitisation of Receivables pending remittance to the assignees/ investors. Refer Note 8.

17.2 Balance on Deposit Accounts - Free of lien includes deposits amounting to ₹ 15.32 lakhs (March 31, 2016 - ₹ 175.07 lakhs) which have a residual maturity of more than 12 months.

17.3 Balances with banks in earmarked Deposits accounts includes Margin money deposits amounting to ₹ 812.50 lakhs (March 31, 2016 - ₹ 712.50 lakhs) held as lien for bank guarantees issued to stock exchanges.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 18 REVENUE FROM OPERATIONS		
Income from Operations		
(a) Income from Financing Activities		
i) Interest		
- Automobile Financing	2,94,676.90	2,58,276.71
- Loans against Immovable Property	94,596.43	95,058.66
- Construction Equipment Financing	5,865.58	2,644.48
- Loans against Securities	324.32	355.51
- Loans to Automobile dealers	1,120.07	969.69
- Bills Discounting	1,643.59	612.57
- Other Loans	993.96	330.58
- Interest spread on assignment/securitisation	21,028.26	20,534.34
ii) Other Operating Revenue		
- Automobile Financing	30,934.40	26,039.12
- Loans against Immovable Property	6,321.05	6,999.39
- Construction Equipment Financing	367.37	177.23
- Other Loans	298.32	135.65
(b) Stock broking, Depository Operations and Allied Services	1,427.40	1,092.67

₹ in lakhs

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 18 REVENUE FROM OPERATIONS (Contd.)			
(c)	Retail Distribution Operations - Commission	657.30	967.14
(d)	Freight Income	1,069.95	0.67
(e)	Interest Income		
	- Deposits placed as collateral towards assets derecognised	4,939.85	5,365.41
	- Other Deposits	168.63	161.48
	- Long Term Investment - Pass Through Certificates	173.25	26.87
(f)	Gain on prepayment of Commercial Paper and Debentures (Net) (Refer Note 18.1)	-	84.26
	Total (A)	**4,66,606.63**	**4,19,851.53**
Other Operating Income			
(g)	Profit on sale of current investments	1,474.85	728.52
(h)	Servicing and Collection fee on Securitisation / Assignment	1,191.42	744.49
(i)	Others	74.66	50.45
	Total (B)	**2,740.93**	**1,523.46**
	Total (A+B)	**4,69,347.56**	**4,21,374.99**
Note:			
18.1 Gain on Prepayment of Commercial Paper and Debentures			
Book Value (including interest accrued) on the date of prepayment		-	41,500.00
Consideration paid for prepayment		-	41,415.74
Net Gain		-	**84.26**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 19 OTHER INCOME		
Dividend Income from long-term investments	10.46	11.06
Rent	18.24	16.83
Profit on sale of fixed assets (net)	0.16	-
Miscellaneous Income (Refer Note 19.1)	307.73	192.51
	336.59	**220.40**
19.1) Miscellaneous Income includes:		
Liability no longer required written back	12.16	120.10
Receipt of insurance claim	49.14	50.00

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 20 FINANCE COSTS		
Interest Expense		
- Debentures	1,03,051.55	81,303.23
- Bank Loans	84,421.93	1,02,426.39
- Other Loans	0.49	-
Discount on Commercial Papers	24,937.03	17,936.80
Others		
- Amortisation of ancillary borrowing costs	9,380.24	2,034.95
- Bank charges	1,001.15	1,093.54
	2,22,792.39	**2,04,794.91**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 21 EMPLOYEE BENEFIT EXPENSES		
Salaries, Bonus and Commission (Refer Note 28 (b))	36,613.30	23,413.15
Contribution to Provident and Other Funds		
Employees' Provident Fund	1,461.75	850.50
Superannuation Fund	186.77	167.81
Gratuity Fund (Refer Note 28 (a))	1,348.42	309.64
Staff Welfare Expenses	1,798.95	1,476.42
	41,409.19	**26,217.52**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 22 OTHER OPERATING EXPENSES		
Rent (Refer Note 22.1 & 22.2)	3,728.52	3,151.26
Electricity Charges	928.75	790.52
Rates and Taxes (Refer Note 22.3)	6,854.37	5,466.24
Communication Cost	2,094.93	1,574.14
Traveling and Conveyance	4,254.16	2,360.85
Advertisement Expenses	774.77	548.38
Business Development Expenses	31.00	15.71
Insurance	656.49	419.84
Repairs and Maintenance		
- Buildings	13.71	11.00
- Others	223.43	153.52
Printing and Stationery	957.35	781.75
Information Technology Expenses	2,209.17	1,547.78
Auditors' Remuneration (Refer note 27)	106.19	69.30
Professional Charges	2,856.18	2,292.64
Loss on Sale of Fixed Assets (Net)	-	33.08
Commission to Directors	52.50	55.00
Sitting Fees to Directors	28.05	24.50
Recovery Charges (Refer Note 22.5)	12,534.11	14,158.21
Corporate Social Responsibility Expenditure	1,397.54	938.11

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 22 OTHER OPERATING EXPENSES (Contd.)		
Freight charges	987.73	-
Miscellaneous Expenses (Refer Note 22.4)	453.78	485.22
	41,142.73	**34,877.05**
Less : Expenses Recovered	(77.72)	(57.14)
	41,065.01	**34,819.91**
22.1 Lease equalisation charge included in Rent	89.87	41.37
22.2 Cancellable operating lease entered for office space included in Rent	3,638.65	3,109.89
22.3 Rates and Taxes include -		
Service Tax	2,882.01	2,861.89
Value added tax	3,144.99	2,461.54
22.4 Miscellaneous Expenses includes:		
Donation To Electoral Trust	-	50.00
Other Donations	12.00	160.00
22.5 Net of reversal of provision for servicing costs on assets derecognised	-	115.29

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 23 PROVISIONS AND LOAN LOSSES		
Loss Assets Written Off (Net)	5,853.88	868.66
Provision/Loss on Repossessed Assets(Net)	20,263.75	20,158.66
Provision for Non-Performing Assets (Refer Note 2 a & 32)	28,465.92	27,249.24
Provision Released for Non-Performing Assets on recovery/write off (Refer Note 23.1 & 32)	**(19,708.93)**	**(13,225.68)**
Total	**34,874.62**	**35,050.88**
Provision for Standard Assets (Net) (Refer Note 2 a & 32)	(3,311.28)	7,672.89
Provision for other doubtful debts and advances	30.07	9.60
Loss on sale of shares held as stock in trade (Net)	2.00	0.55
	31,595.41	**42,733.92**
23.1 Includes reversal of provision for credit enhancements on assets derecognised	-	450.59

24. a) Share application money pending allotment as at March 31, 2017 represents amount received towards 10,261 equity shares (1,340 Equity shares – March 31, 2016) of the company pursuant to ESOP scheme and have been subsequently alloted.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 24 B EARNINGS PER SHARE		
Profit After Tax (₹ in lakhs)	**71,942.96**	**57,467.94**
Less: Preference Dividend (including tax thereon) (₹ in lakhs)	-	255.56
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**71,942.96**	**57,212.38**
Weighted Average Number of Equity Shares (Basic)	15,62,24,388	15,09,04,759
Add: Dilutive effect relating to ESOP/CCPS	64,382	1,51,237
Weighted Average Number of Equity Shares (Diluted)	15,62,88,770	15,10,55,996
Earnings per Share - Basic (₹)	**46.05**	**37.91**
Earnings per Share - Diluted (₹)	**46.03**	**37.87**
Face Value Per Share (₹)	10.00	10.00

Note:

Earnings per Share calculations are done in accordance with Accounting Standard 20 "Earnings per Share".

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
NOTE : 25 ASSETS DE-RECOGNISED		
a) On Securitisation		
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions	30	21
Outstanding securitised Assets in books of SPV	5,48,230.24	2,90,523.00
Less: Collections not yet due to be remitted to SPV* Outstanding securitised Assets as per books	24,846.33	20,013.99
	5,23,383.91	2,70,509.01
Total amount of exposure to comply with Minimum Retention Ratio (MRR)		
a) Off Balance Sheet Exposure		
• First Loss	-	-
• Others	28,553.77	9,225.92
b) On Balance Sheet Exposure		
• First Loss – Cash collateral	67,222.61	62,917.00
• Others	-	-
i) Second Loss – Cash Collateral	-	-
ii) Investment in PTC	16,886.24	188.70
Amount of Exposures to Securitisation transactions Other than MRR	Nil	Nil
Book value of Assets sold	8,78,067.48	6,48,583.22

* Excludes interest collected from customers on securitised assets.

b) On Bilateral assignment

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Number of Assignment Transactions	3	3
Outstanding Assigned Assets in books of Assignee*	1,06,326.68	1,50,649.72
Less: Collections not yet due to be remitted to Assignee#	3,376.32	4,711.30
Outstanding Assigned Assets as per books	1,02,950.36	1,45,938.42
Total amount of exposure		
a) Off Balance Sheet Exposure	-	-
• First Loss	-	-
• Others	-	-
b) On Balance Sheet Exposure		
• First Loss – Cash Collateral	-	-
• Others	11,438.93	16,215.38
Book value of Assets sold	1,85,429.64	1,85,429.64

excludes interest collected from customers on assigned assets

₹ in lakhs

Particulars		As at March 31, 2017	As at March 31, 2016
NOTE : 26 DETAILS OF OUTSTANDING DERIVATIVES			
i)	Outstanding Derivatives: (Notional Principal Amount)		
	For hedging (Currency & Interest rate derivatives)	2,37,400.00	-
ii)	Marked to Market Positions – Asset/(Liability)	(10,102.59)	-
(iii)	Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 27 AUDITORS' REMUNERATION (Net of Service Tax Input Credit)		
Statutory Audit	48.10	36.35
Interim Audit & Limited Review	22.60	19.80
Tax Audit	5.35	4.10
Other Services	28.35	7.50
Reimbursement of Expenses	1.79	1.55
Total	**106.19**	**69.30**

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 28 a) GRATUITY		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the Beginning of the year	1,324.24	1,065.86
Current Service Cost	354.03	21.93
Interest Cost	105.84	78.15
Actuarial Losses	995.65	292.29
Benefits Paid	(184.87)	(133.99)
Projected Benefit Obligation at the end of the year	**2,594.89**	**1,324.24**
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the year	1,151.29	861.70
Expected Returns on Plan Assets	92.04	78.60
Actuarial Losses	15.06	4.12
Employer's Contribution	424.23	340.86
Benefits Paid	(184.87)	(133.99)
Fair Value of Plan Assets at the end of the year	**1,497.75**	**1,151.29**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets at the End of the year	1,497.75	1,151.29
Liability at the End of the year	2,594.89	1,324.24
Amount Recognised in the Balance Sheet under Note 8 - Other liabilities & Note 13 – Loans and Advances	**(1,097.14)**	**(172.95)**
Cost of the Defined Benefit Plan for the year		
Current Service Cost	354.03	21.93
Interest on Obligation	105.84	78.15
Expected Return on Plan Assets	(92.04)	(78.60)
Net Actuarial Losses Recognized in the year	980.59	288.16
Net Cost Recognised in the Statement of Profit and Loss Note 21 - Employee benefits expenses	**1,348.42**	**309.64**
Assumptions		
Discount Rate	6.90% p.a.	8.00% p.a.
Future Salary Increase	7.50% p.a.	5.00% p.a.
Attrition Rate		
- Senior Management	13%/17%/33% p.a.	1% p.a.
- Middle Management	13%/17%/33% p.a.	2% p.a.
- Others	13%/17%/33% p.a.	3% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	8.00% p.a.
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 28 a) GRATUITY (Contd.) Major categories of plan assets (managed by LIC) as a percentage of fair value of total plan assets		
Government Securities		61.67%
Bonds, debentures and other fixed income instruments	Refer Note 1 below	31.35%
Equity Shares		6.98%

Other Disclosures:

₹ in lakhs

Benefit	2016-17	2015-16	2014-15	2013-14	2012-13
Projected Benefit Obligation	2,594.89	1,324.24	1,065.86	840.08	571.09
Fair Value of Plan Assets	1,497.75	1,151.29	861.70	831.73	585.78
Surplus/(Deficit)	**(1,097.14)**	**(172.95)**	**(204.16)**	**(8.35)**	**14.69**

₹ in lakhs

Experience Adjustments (Refer Note 2 below)	2016-17	2015-16	2014-15
Actuarial Loss on Obligations	995.65	292.29	215.25
Actuarial (Gain)/Loss on Plan Assets	(15.06)	(4.13)	11.10

Notes:

1. The expected return on plan assets is as furnished by LIC. The entire plan assets are managed by LIC and the data on plan assets as on March 31, 2017 and March 31, 2016 have not been furnished.
2. The details of Experience adjustments have been disclosed to the extent of information available.
3. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
4. Estimated amount of contribution to the funds during the year ended March 31, 2017 as estimated by the management is ₹ 1,962.28 lakhs (March 31, 2016 – ₹ 306.50 lakhs).
5. 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.

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 28 b) COMPENSATED ABSENCES		
Details of Actuarial Valuation:		
Projected Benefit Obligation at the beginning of the year		
Balance as at the beginning of the year	**1,232.20**	**1,086.40**
Current Service Cost	261.92	118.48
Interest Cost	98.02	82.42
Actuarial Losses	94.31	57.33
Benefits Paid	(155.64)	(112.43)
Projected Benefit Obligation at the end of the year under	**1,530.81**	**1,232.20**
Note 7 - Provisions		
Cost of the Defined Benefit Plan for the year		
Current Service Cost	261.92	118.48
Past Service Cost reversed	-	0.34
Interest on Obligation	98.02	82.42

₹ in lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
NOTE : 28 b) COMPENSATED ABSENCES (Contd.)		
Actuarial Losses Recognised in the year	94.31	57.33
Net cost recognised in the Statement of Profit and Loss under Note 21- Employee benefits expenses	**454.25**	**258.57**
Assumptions		
Discount Rate	6.90% p.a.	8.00% p.a.
Future salary increase	7.50% p.a.	5.00% p.a.
Attrition Rate	13%/17%/33% p.a.	1% p.a.
- Senior management	13%/17%/33% p.a.	2% p.a.
- Middle management	13%/17%/33% p.a.	3% p.a
- Others		
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate

Other Disclosures:

₹ in lakhs

Experience Adjustments (Refer Note 4 below)	2016-17	2015-16	2014-15
Actuarial Loss/(Gain) on Obligations	94.31	57.33	17.71

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2017.
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.
4. The details of Experience adjustments have been disclosed to the extent of information available.

NOTE : 29 SEGMENTAL REPORTING

The Management has identified the following reportable segments:

₹ in lakhs

	Financing		Others (*)		Eliminations		Consolidated Total	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
REVENUE								
External Revenue	4,65,926.45	4,19,233.41	3,421.11	2,141.58	-	-	4,69,347.56	4,21,374.99
Inter-segment Revenue	28.83	13.19	301.39	295.29	(330.22)	(308.48)	-	-
Total Revenue	**4,65,955.28**	**4,19,246.60**	**3,722.50**	**2,436.87**	**(330.22)**	**(308.48)**	**4,69,347.56**	**4,21,374.99**
RESULT								
Segment Result	1,09,978.20	86,966.29	428.57	758.29	-	-	1,10,406.77	87,724.58
Other Income	-	-	-	-	-	-	336.43	220.40
Net Profit Before Tax	-	-	-	-	-	-	1,10,743.20	87,944.98
Other Information								
Segment Assets	30,21,977.27	27,49,665.66	6,224.25	3,943.82	-	-	30,28,201.52	27,53,609.48
Unallocated Corporate Assets	-	-	-	-	-	-	44,256.23	35,315.47
Total Assets	**30,21,977.27**	**27,49,665.66**	**6,224.25**	**3,943.82**	**-**	**-**	**30,72,457.75**	**27,88,924.95**
Segment Liabilities	26,36,979.08	24,20,090.16	2,694.68	1,514.32	-	-	26,39,673.79	24,21,604.47
Unallocated Corporate Liabilities	-	-	-	-	-	-	199.87	350.34
Total Liabilities	**26,36,979.08**	**24,20,090.16**	**2,694.68**	**1,514.32**	**-**	**-**	**26,39,873.66**	**24,21,954.81**
Capital Expenditure	5,650.77	7,541.80	161.44	199.41	-	-	5,812.21	7,741.21
Depreciation and amortization	3,811.34	2,133.13	90.27	41.3	-	-	3,901.61	2,174.43
Other Non Cash Expenditure	32,326.45	45,175.41	(185.88)	(171.52)	-	-	32,140.57	45,003.89

(*) Consists of Distribution, Stock Broking and Freight Data Solutions business.

NOTE : 30 RELATED PARTY DISCLOSURES

List of Related Parties (As per AS-18):

- **Holding company:** Tube Investments of India Limited (upto August 31, 2015).
- **Entity having significant influence over the company :** Tube Investments of India Limited (from September 1, 2015)
- **Entity having significant influence over Holding company:** Murugappa Holdings Limited (up to August 31, 2015)
- **Joint venture of Holding company :** Cholamandalam MS Risk Services Limited (upto August 31, 2015)
- **Subsidiaries:** Cholamandalam Securities Limited, Cholamandalam Distribution Services Limited, White Data Systems India Private Limited (from March 16, 2016)
- **Fellow Subsidiary:** Cholamandalam MS General Insurance company Limited (upto August 31, 2015)
- **Key Managerial Personnel:** Mr. Vellayan Subbiah, Managing Director.

Additional related parties as per Companies Act, 2013:

- Mr. D. Arul Selvan, Chief Financial Officer
- Ms. P. Sujatha, Company Secretary

Note:

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

NOTE : 30 RELATED PARTY DISCLOSURES (Contd.)

₹ in lakhs

Nature of Transaction	Year ended March 31, 2017	Year ended March 31, 2016
a) Tube Investments of India Limited		
Dividend Payments		
- Equity shares	3,972.81	2,528.15
Rent (including hiring) receipts	13.91	17.59
Expenses – Reimbursed	-	1.85
Receipts for services rendered	171.46	-
Net Amount Receivable/(Due) as at period/year end		
Rental deposit	(0.90)	(0.90)
Others	53.98	1.31
		Six Months ended September 30, 2015
b) Murugappa Holdings Limited		
Dividend payments – Equity shares - ₹ (September 30, 2015 - ₹176.00)	-	-
		Five Months ended August 31, 2015
c) Cholamandalam MS General Insurance Company Limited		
Interest payments		429.77
Rent payments		5.62
Rent (including hiring) receipts		30.76
Payments for services availed		6.49
Receipts for services rendered		1,596.51
Receipts on settlement of insurance claim		2.54
Amount received towards reimbursement of expenses		3.93
	Year ended March 31, 2017	**Year ended March 31, 2016**
d) Key Managerial Personnel		
Vellayan Subbiah - Managing Director		
Remuneration	402.53	325.50
Dividend Payments	13.50	8.59
D Arul Selvan - Chief Financial Officer		
Remuneration	105.57	114.69
Dividend Payments	0.88	1.02
Rental payments	2.40	2.40
P Sujatha - Company Secretary		
Remuneration	93.77	132.74
Dividend Payments	1.12	0.70
Rental Payments	2.40	2.40

NOTE : 31 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Second loss credit enhancement facility towards securitisation transactions:

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Counter Guarantees provided to Banks	28,553.77	9,225.92

(b) Contested Claims Not Provided for:

₹ in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Income tax and Interest on Tax issues where the Group is in appeal	30,849.56	27,537.20
Decided in the Group favour by Appellate Authorities and for which the Department is in further appeal with respect to Income Tax	12.99	564.40
Service Tax issues pending in respect of which the Group is under appeal	13,761.92	68.46
Sales Tax issues pending before Appellate Authorities in respect of which the Group is in appeal (payment made under protest is respect of above is included under loans and advances – Note 13)	2,843.31	2,575.53
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,625.00	-
Order in respect of alleged violations of the provisions of SEBI Act	7.00	7.00
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	6,293.80	5,563.73

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

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - ₹ 997.26 lakhs (March 31, 2016 - ₹ 1,286.56 lakhs)

NOTE : 32 CHANGES IN PROVISIONS

₹ in lakhs

Particulars	As at March 31, 2016	Additional Provision	Utilisation/ Reversal	As at March 31, 2017
Provision for Standard Assets (Refer Note 2 a)	14,195.24	-	(3,311.28)	10,883.96
Provision for Non-Performing Assets (Refer Note 2 a)	42,402.24	28,465.92	(19,708.93)	51,159.23
Contingent Service Tax Claims	792.37	-	-	729.37
Provision for Claw back Commission	4.11	2.63	-	6.74
Provision for Contingencies	2,461.54	486.00	-	2,947.54

NOTE : 33 EMPLOYEE STOCK OPTION PLAN

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 19,04,162 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the company at the Annual General Meeting held on July 30, 2007 approved the aforesaid issue of 19,04,162 Equity Shares of the company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to a list of senior level executives of the company and some of its Subsidiaries in accordance with the Stock Option Scheme - 2007.

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 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.

ESOP 2007

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No.								Vested	Yet to vest
1	Original*	30-07-07	193.40	30-07-08	7,65,900	1,25,944	6,35,732	4,224	-
	CAA *	25-01-08	178.70	-	54,433	9,768	44,337	328	-
2	Original	24-10-07	149.90	24-10-08	70,400	-	70,400	-	-
3	Original	25-01-08	262.20	25-01-09	1,62,800	29,162	1,33,638	-	-
4	Original	25-04-08	191.80	25-04-09	4,68,740	1,51,716	3,10,955	6,069	-
5	Original	30-07-08	105.00	30-07-09	10,070	8,579	1,491	-	-
6	Original	24-10-08	37.70	24-10-09	65,600	26,814	38,786	-	-
7-									
Tr I	Original	27-01-11	187.60	27-01-12	2,94,600	2,03,599	63,438	27,563	-
Tr II	Original	27-01-11	187.60	27-01-12	2,09,700	1,63,155	40,569	5,976	-
8	Original	30-04-11	162.55	30-04-12	1,13,400	43,721	46,197	23,482	-
9	Original	28-07-11	175.35	28-07-12	61,800	29,544	32,256	-	-
10	Original	27-10-11	154.55	27-10-12	1,95,680	1,34,869	50,488	10,323	-

* CAA- Corporate Action Adjustment

ESOP 2016

Particulars		Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No.								Vested	Yet to vest
1	Original	25-01-17	1,010.00	25-01-18	5,71,000	-		-	-

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent consultant.

NOTE : 33 EMPLOYEE STOCK OPTION PLAN (Contd.)

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

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	8.00%	4 years	59.50%	10.00%	187.60	94.82
- Tranche II	8.00%	3.4 years	61.63%	10.00%	187.60	90.62
30-Apr-11	8.00%	4 years	59.40%	25.00%	162.55	73.07
28-Jul-11	8.00%	4 years	58.64%	25.00%	175.35	79.17
27-Oct-11	8.00%	4 years	57.52%	25.00%	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, 2017 is ₹ Nil (March 31, 2016 - ₹ 0.96 lakhs)

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 (₹)
25-01-17	6.36% - 6.67%	3.5 -6.51 years	33.39% -34.47%	0.54%	1,010.00	405.09

Notes forming part of the Consolidated Financial Statements (Contd.)
For the year ended March 31, 2017

NOTE : 34 SHARING OF COSTS

The company and its subsidiaries shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Group Companies on a basis mutually agreed to between them, which has been relied upon by the Auditors.

NOTE : 35 PREVIOUS YEAR'S FIGURES

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.

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

M.B.N. Rao
Chairman

Date : April 28, 2017	**P. Sujatha**	**D. Arul Selvan**	**Vellayan Subbiah**
Place : Chennai	Company Secretary	Chief Financial Officer	Managing Director

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI Regulations, Allotment of Equity Shares pursuant to this Issue shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them are set forth below.

Sr. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]

^ *Based on beneficiary position as on [●]*

* *The details of the proposed Allottees have been intentionally left blank and will be filled in before issuing of the Placement Document to such proposed Allottees.*

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

Arun Alagappan
(Managing Director)
(DIN: 00291361)

Date: January 27, 2020
Place: Chennai

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document.

For and on behalf of the Board, signed by:

Arun Alagappan
(Managing Director)
(DIN: 00291361)

Date: January 27, 2020
Place: Chennai

I am authorized by the Board of Directors of the Company, pursuant to resolution dated December 12, 2019 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Arun Alagappan
(Managing Director)
(DIN: 00291361)

Date: January 27, 2020
Place: Chennai

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Registered and Corporate Office
Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India

Website: www.cholamandalam.com
CIN: L65993TN1978PLC007576

Compliance Officer: P. Sujatha, Company Secretary
Tel: +91 44 4090 7172 | Fax: +91 44 2534 6464; E-mail: investors@chola.murugappa.com
Address: Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India

BOOK RUNNING LEAD MANAGERS

Axis Capital Limited
Axis House, Level 1
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
India

Ambit Capital Private Limited
Ambit House
449, Senapati Bapat Marg
Lower Parel
Mumbai 400 013
India

STATUTORY AUDITORS OF OUR COMPANY

S.R. Batliboi & Associates LLP, Chartered Accountants
6th Floor
“A” Block Tidel Park
No. 4 Rajiv Gandhi Salai, Taramani
Chennai 600 113, Tamil Nadu
India

LEGAL ADVISERS

Indian Legal Counsel to the Company and the BRLMs

Cyril Amarchand Mangaldas
Prestige Falcon Tower
3rd Floor, Brunton Road
Craig Park Layout, Victoria Layout,
Bengaluru 560 025
Karnataka
India

International Legal Counsel to the BRLMs

Squire Patton Boggs (MEA) LLP
Dubai International Financial Centre (DIFC)
Burj Daman Office Tower, Level 10
P.O. BOX 111713, Dubai
United Arab Emirates

APPLICATION FORM

Chola
Enter a better life

APPLICATION FORM

Name of the Bidder:

____

Form No. _____________

Date: ___________________

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

*Cholamandalam Investment and Finance Company Limited, (the "**Company**" or "**Issuer**") was incorporated as a public limited company under the name of Cholamandalam Investment and Finance Company Limited on August 17, 1978 under the Companies Act, 1956 and commenced its business pursuant to certificate of commencement of business dated November 22, 1978. The name of the Company was changed to Cholamandalam DBS Finance Limited pursuant to a fresh certificate of incorporation dated April 12, 2006 and was again changed to Cholamandalam Investment and Finance Company Limited on June 2, 2010. The RBI has granted a certificate of registration bearing number 07-00306 dated June 9, 2011, to the Company to carry on business of a non-banking financial institution, subject to certain conditions.*

Registered and Corporate Office: Dare House, No. 2, N.S.C. Bose Road, Parrys, Chennai 600 001, Tamil Nadu, India
Website: www.cholamandalam.com| **CIN**: L65993TN1978PLC007576
Telephone No.: +91 44 4090 7172
Email: investors@chola.murugappa.com

QUALIFIED INSTITUTIONS PLACEMENT OF UPTO [●] EQUITY SHARES OF FACE VALUE ₹ 2 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING UPTO ₹ [●] LAKHS UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES MADE THEREUNDER BY CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE").

Only "Qualified Institutional Buyers" ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI Regulations and who i) are not excluded pursuant to Regulation 179(2)(b) of the SEBI Regulations, (ii) hold a valid and existing registration under the applicable laws in India (as applicable), (iii) are not restricted from participating in the Issue under the applicable laws, including the SEBI Regulations and other applicable laws, and (iv) are eligible to invest in this Issue; can submit this Application Form. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) ("U.S. QIB(s)") pursuant to Section 4(a)(2) of the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the preliminary placement document (as defined below) as "QIBs"; and (b) to persons outside the United States in offshore transactions in reliance upon Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. For a description of selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 209 of the preliminary placement document ("PPD"). The Equity Shares are transferable only in accordance with the restrictions described in "*Transfer Restrictions*" on page 216 of the PPD.

ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ("FEMA RULES") IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFS AND VCFS IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. FVCIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE UNDER SCHEDULE 1 OF FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES.

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Funds
MF	Mutual Funds	**FVCI**	Foreign Venture Capital Investors
FPI	Eligible Foreign Portfolio Investors*	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI-NBFC**	Systemically Important NBFC
IC	Insurance Companies	**IF**	Insurance Funds
OTH	Others (Please Specify)		

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

To,
The Board of Directors
Cholamandalam Investment and Finance Company Limited
Dare House, No. 2, N.S.C. Bose Road, Parrys
Chennai 600 001
Tamil Nadu
India

Dear Sirs,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions mentioned in the other sections of the PPD and in this section of Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are a QIB as defined under Regulation 2(1)(ss) of the SEBI Regulations and i) are not excluded pursuant to Regulation 179(2)(b) of the SEBI Regulations, ii) are not restricted from participating in the Issue under the applicable laws, including the SEBI Regulations and other applicable laws, and (iii) are eligible to invest in this Issue. We are not a promoter (as defined in SEBI Regulations) of the Company, or any person related to the Promoter, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with the Promoter or persons related to promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI Regulations and other applicable laws.

We confirm that the Bid size / aggregate number of Equity Shares applied for by us and which may be Allotted to us does not exceed the relevant regulatory or approved limits. We confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**").We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us, if applicable, in accordance with Chapter VI of the SEBI Regulations and undertake to comply with the SEBI Regulations, and all other applicable laws, including any reporting obligations. We confirm that each foreign portfolio investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (such foreign portfolio investor, an "**FPI**") (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), has submitted a separate Application Form, and asset management companies of mutual funds would have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each fund. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holders of the Equity Shares which may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the applicant and the applicant has all the relevant approvals. We authorize you to place our name in the register of members of the Company as holders of the Equity Shares that may be Allotted to us. We note that the Company in consultation with the Book Running Lead Managers namely, Axis Capital Limited and Ambit Capital Private Limited, is entitled, in its absolute discretion to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and Application Amount towards the Equity Shares that may be allocated to us.

We agree and consent that: (i) our names, address, PAN, contact details, bank details, email-id, and the number of Equity Shares Allotted along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the Companies (Prospectus and Allotment of Securities Rules, 2014, as amended ("**PAS Rules**"), (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware that our name will be included in the Placement Document as proposed allottees, if applicable, along with the number of Equity Shares proposed to be Allotted to us, and the percentage of our post issue shareholding in the Company, and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Chennai as required in terms of the PAS Rules. We are also aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of the Stock Exchanges, and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including restriction on transferability and lock-in. In this regard, we authorise the Company to issue instructions to the depositories for such restriction on transferability, as may be applicable to us. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI Regulations, circulars issued by the Reserve Bank of India ("**RBI**"), and other applicable laws.

We are aware that if the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount has been paid by us.

By signing and submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Transfer Restrictions*" and "*Selling Restrictions*" of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations, warranties, acknowledgements and agreements are given by us for the benefit of the Company and the BRLMs for the Issue, each of whom are entitled to rely and are relying on these representations, acknowledgements and agreements in consummating the Issue, (ii) that we have been provided a serially numbered copy of the PPD, and have read it in its entirety including in particular, the "*Risk Factors*" therein, and have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs, or any other source, including publicly available information, and (iii) to abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein, (iv) that if we are participating in the Issue as an Eligible QIB, we are not an individual, corporate body or family office, (v) Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with BRLMs, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (vi) that we shall not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges, (vii) that we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment, (viii) that we shall not have the right to withdraw or revise our Bid after the Bid Closing Date, (ix) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of the post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (x) that we, together with other persons that belong to our same group or are under common control, have not applied for more than 50% of the Issue and that the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation: the expression: QIBs belonging to the "same group" under the Explanation to Regulation 180(2) of the SEBI Regulations shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

We hereby agree to accept the Equity Shares applied for, or such lesser number as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, this Application Form and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below. The Bid Amount payable by us for the Equity Shares to be allotted in the Issue has been/will be remitted to the designated bank account prior to Bid Closing Date, only through electronic mode pursuant to duly completed Application Form and to the bank account mentioned in the Application Form. We acknowledge and agree that we have not/shall not make any payment in cash or cheque. We also agree that the amount payable for the Equity Shares in the Issue is being (shall be) made from the bank account maintained in our name, and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form, and the Bid Amount may be refunded to the same bank account (i) if the Company is unable to issue and Allot the Equity Shares offered in the Issue; or (ii) if there is a cancellation of the Issue; or (iii) in case of rejection of Bids or non-allocation of Equity Shares; or (iv) In the event, the Bid Amount per Equity Share exceeds the Issue Price per Equity Share. Further, we acknowledge that we shall not have the right to revise or withdraw our Bid after the Bid/Issue Closing Date. By making this application, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. We further represent that in making our investment decision, we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information. We satisfy any and all relevant suitability standards for investors in the Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the Equity Shares, and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are either (i) qualified institutional buyers (as defined in Rule 144A) purchasing the Equity Shares pursuant to Section 4(a)(2) under the U.S. Securities Act, or (ii) located outside the United States and purchasing Equity Shares in an offshore transaction in reliance on Regulation S of the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. The payment for subscription to the Equity Shares in the Issue have been/ are being made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

APPLICANT DETAILS (in Block Letters)			
NAME OF APPLICANT***			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
EMAIL ID			
FOR FPIs****	SEBI FPI Registration No.____		
For AIFs* **	SEBI AIF Registration No.____		
MFs* **	SEBI MF Registration No.____		
VCFs	SEBI VCFs Registration No.____		
SI-NBFCs	SEBI Registration Details.____		
Insurance Companies	IRDAI Registration Details____		
FVCIs****	SEBI Registration No.____		

[*]Name should exactly match with the name in which the beneficiary account is held. Any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each FPI is required to fill a separate Application Form.

[**]In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.

[***] Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

[****] FVCIs are permitted to participate in the Issue under Schedule I of FEMA Rules.

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLMs have relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER	
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER By 1:00 p.m. (IST), [Day], [Date], 2020	
Name of the Account	CHOLAMANDALAM - QIP ESCROW ACCOUNT 2020
Name of the Bank	Axis Bank Limited
Address of the Branch of the Bank	No. 82, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004
Account Type	Escrow Account
Account Number	920020005857943
IFSC	UTIB0000006
Phone Number	+91 44 2830 6901

Kindly make your payment only by way of electronic fund transfers, towards the Escrow Account. Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Bidding Period i.e. within the Bid Closing Date. All payments must be made in favour of "CHOLAMANDALAM - QIP ESCROW ACCOUNT 2020". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

DEPOSITORY ACCOUNT DETAILS			
Depository Name(Please ✓)	National Security Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I N		
Beneficiary Account Number			(16 digit beneficiary account. No. to be mentioned above)

The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.

You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**BID PRICE PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN**	
Date of Application	

ENCLOSURES ATTACHED

Attested/ certified true copy of the following:

- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of SEBI registration certificate as an Eligible FPI Registration Certificate
- ☐ Copy of MF Registration certificate
- ☐ Copy of SEBI certificate of registration for AIFs

Signature of Authorised Signatory	

☐ Copy of SEBI registration certificate as a VCF
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of notification as a public financial institution
☐ FIRC
☐ Copy of IRDAI registration certificate
☐ Certified true copy of Power of Attorney
☐ Other, please specify: ______________
____

**The application form is liable to be rejected if any information provided is incomplete or inadequate.*

***It is to be specifically noted that the applicant should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground*

Note: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

The Application Form and PPD sent to you and the Placement Document to be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.