

**CHOLAMANDALAM
DISTRIBUTION
SERVICES
LIMITED**

**ANNUAL REPORT
2016 – 17**

Cholamandalam Distribution Services Limited

Board of Directors

Nalin Mansukhlal Shah (DIN 00882723)

Sasikala Varadachari (DIN 07132398)

Vellayan Subbiah (DIN 01138759)

R. Chandrasekar (DIN 02687447)

Auditors

M/s. R.G.N.Price & Co., Chartered Accountants

Company Secretary

Sujatha P

Corporate Identity Number

U67190TN2000PLC045617

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

CONTENTS

Notice to Members	1
Board's Report.....	7
Independent Auditor's Report	20
Balance Sheet	28
Statement of Profit and Loss.....	29
Cash Flow Statement.....	30
Notes forming part of the Financial Statements.....	31

Cholamandalam Distribution Services Limited

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

Phone No.: 044 3000 7172; Fax No.: 044 2534 6446

Website: www.cholawealthdirect.com

CIN - U67190TN2000PLC045617

NOTICE TO MEMBERS

NOTICE is hereby given that the seventeenth annual general meeting of the members of Cholamandalam Distribution Services Limited will be held at shorter notice at 5 p.m. on Wednesday, the 26 July, 2017 at the registered office of the company at "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai 600 001 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT the board's report, the statement of profit and loss, the cash flow statement for the year ended 31 March, 2017 and the balance sheet as at that date together with the independent auditors' report thereon be and are hereby considered, approved and adopted.

2. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT Mr. Vellayan Subbiah (holding DIN 01138759) who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a director of the company, liable to retire by rotation.

3. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s. RGN Price & Co., Chartered Accountants, Chennai bearing registration no.002785S as the statutory auditors of the company from the conclusion of the seventeenth annual general meeting till the conclusion of the eighteenth annual general meeting at a remuneration of Rs.4.45 per annum including the actual travelling and out of pocket expenses incurred in connection with the audit in addition to the taxes as applicable be and is hereby ratified.

SPECIAL BUSINESS:

4. To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any

Cholamandalam Distribution Services Limited

statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the company, Mr. R. Chandrasekar (holding DIN 02687447), an additional director, holding office up to the date of this annual general meeting and in respect of whom the company has received a notice in writing proposing his candidature for the office of a director under section 160 of the Companies Act, 2013, be and is hereby appointed as a director of the company liable to retire by rotation.

By Order of the Board

Place: Chennai
Date : 26 July, 2017

P Sujatha
Company Secretary

NOTES:

- 1. A member entitled to attend and vote at the annual general meeting (AGM) may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the company. Proxy to be valid shall be deposited at the registered office of the company at least forty eight hours before the time for holding the meeting. A person shall not act as a proxy for more than fifty members and holding in the aggregate not more than 10% (ten percent) of the total share capital of the company carrying voting rights. A person holding more than 10% (ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
- 2. The explanatory statement pursuant to section 102 of the Companies Act, 2013 setting out all material facts in respect of the item nos.3 is annexed.**
- 3. Members are requested to intimate immediately any change in their address to the registered office of the company.**

By Order of the Board

Place: Chennai
Date : 26 July, 2017

P Sujatha
Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SECRETARIAL STANDARDS

Item no. 3: Ratification of appointment of statutory auditors and fixing their remuneration:

Pursuant to the provisions of section 139 of the Companies Act, 2013 ("the Act") read with Companies (Audit and Auditors) Rules, 2014, M/s. RGN Price & Co., Chartered Accountants were appointed as statutory auditors in the AGM held on 30 July, 2014 for a period of 5 consecutive years commencing from the conclusion of the 14th AGM till the conclusion of the 19th AGM subject to ratification by members at every AGM.

The statutory auditors have confirmed that their appointment, if ratified, would be within the limits prescribed under section 141(3)(g) of the Act and is in accordance with the requirements of section 139(1) of the Act read with rule 4 of the Companies (Audit and Auditors) Rules, 2014. The auditors have further confirmed that they are not disqualified from being appointed as auditors under the Act or the Chartered Accountants Act, 1949. Further, section 142 of the Act requires the remuneration of the auditors to be fixed in the general meeting and the same shall include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to them.

Accordingly, the approval of the members is being sought by means of an ordinary resolution for ratification of appointment of M/s. RGN Price & Co., Chartered Accountants, as the statutory auditors, to audit the financial statements of the company for the period from the conclusion of the 17th AGM till the conclusion of the 18th AGM at a remuneration as specified in resolution no.3 of the notice. The board recommends the ratification of appointment of the statutory auditors of the company for approval of the shareholders.

None of the directors, key managerial personnel of the company and their relatives is concerned or interested in the resolution.

Item no. 4: Appointment of Mr. R Chandrasekar as a Non-executive director of the company:

Mr. R Chandrasekar (DIN: 02687447) was appointed as an additional director of the company by the board of directors at its meeting held on 26 July, 2017. Pursuant to the provisions of section 161 of the Act, Mr. R Chandrasekar holds office as additional director up to the date of 17th annual general meeting.

The company has received notice in writing along with deposit of Rs.100,000/- from a member under the provisions of section 160 of the Act proposing the candidature of Mr. Chandrasekar as director of the Company.

Mr. Chandrasekar, aged 53 years, holds a Masters in Business Administration and a Post Graduate Diploma in Human Resource Management. He has over 31 years of professional experience and has been associated with M/s. Cholamandalam Investment and Finance

Cholamandalam Distribution Services Limited

Company Limited, the holding company, for over 11 years and is currently the head of human resources function in the holding company. Mr. Chandrasekar does not hold any equity shares of the company and is not related to any other director and key managerial personnel of the company. Names of other companies in which he holds directorship, committee membership / chairmanship as on 26 July, 2017 as referred to in secretarial standards and as per his disclosures to the board are given below:

Directorships	Committee membership including CDSL
Cholamandalam Securities Limited	- Nomination and Remuneration Committee
Kartik Investments Trust Limited	- Audit Committee - Nomination & Remuneration Committee - Stakeholder Relationship Committee - Risk Management Committee
Chola Business Services Limited	- Nomination & Remuneration Committee - Audit Committee

In compliance with the provisions of the Act, the appointment of Mr. Chandrasekar is being placed before the members for their approval.

None of the directors, key managerial personnel of the company other than the director whose appointment is being proposed and his relatives are concerned or interested in the resolution.

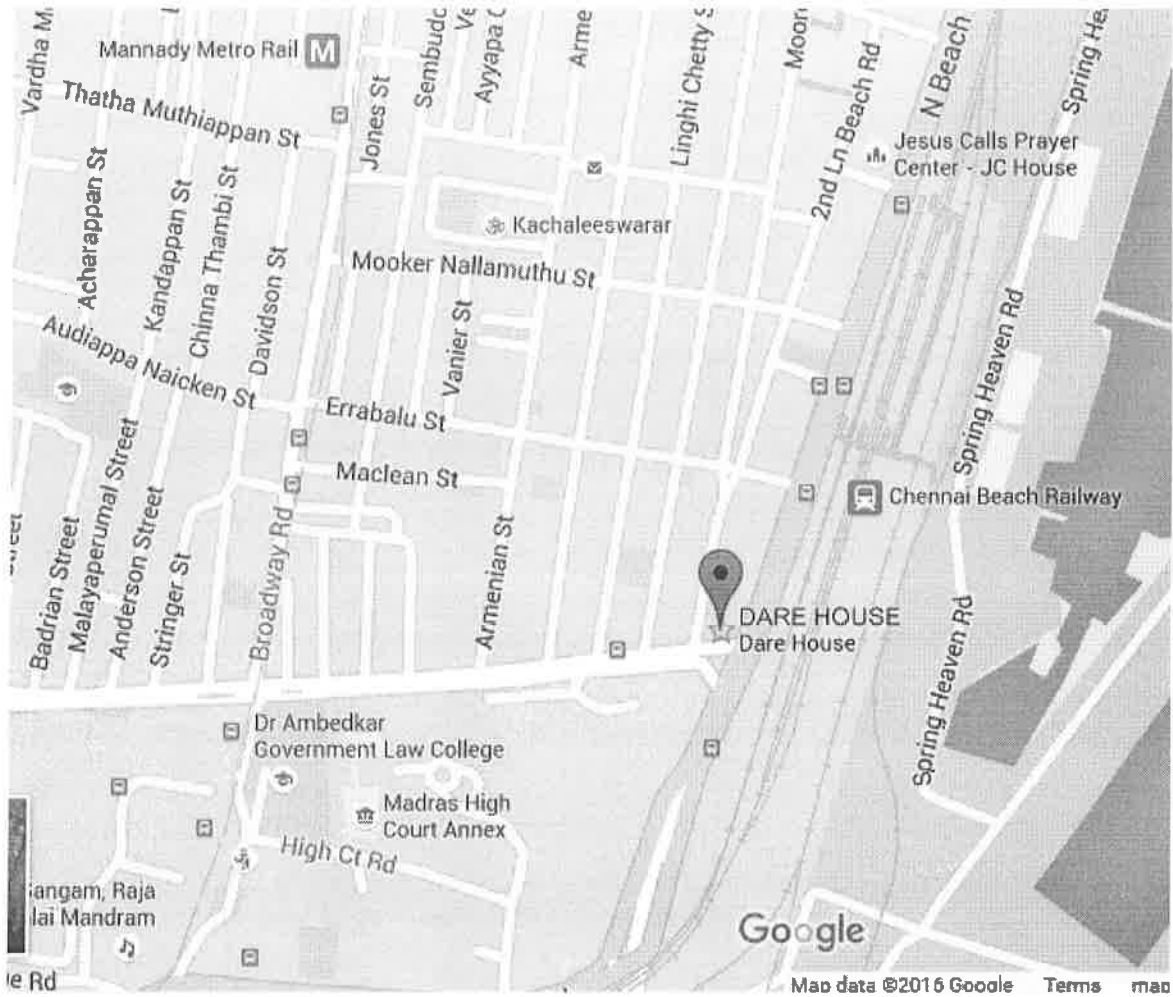
By Order of the Board

Place: Chennai
Date : 26 July, 2017

P Sujatha
Company Secretary

Route Map to the venue of the AGM

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



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

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Website:www.cholawealthdirect.com

ATTENDANCE SLIP

Folio No.:

Name & Address of Member:

I certify that I am a registered Shareholder of the Company and hold Shares.

I/we hereby record my / our presence at the 17th AGM held at No.2, N.S.C. Bose Raod, Parrys, Chennai 600 001.

Member's Folio No.

Members / Proxy's name in Block letters

Member's / Proxy's signature

Notes: 1. Shareholders / Proxy holders must bring the Attendance Slip to the meeting and hand over the same at the entrance duly signed.

2. Shareholders are requested to advise their change in address, if any, to the Company's Registered Office quoting folio numbers.

CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

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PROXY FORM

Name of the member:

Registered Address:

E-mail ID:

Folio No.:

I/We being the Member(s) of.....shares of the above named company, hereby appoint

1.Name.....Address.....

E-mail id.....Signature.....or failing him/her

2.Name.....Address.....

E-mail id.....Signature.....or failing him/her of.....

3.Name.....Address.....

E-mail id.....Signature..... as my/our proxy to attend and vote for me/us and on

my/our behalf at the Seventeenth Annual General Meeting of the Company, to held at 5 p.m. on Wednesday, the

26th July 2017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional) [#]		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements and Board's Report for the year ended 31 March, 2017			
2.	Re-appointment of Mr. Vellayan Subbiah who retires by rotation and being eligible, offers himself for re-appointment			
3.	Appointment of M/s. RGN Price & Co., Chartered Accountants as auditors and fixing their remuneration			
Special Business				
4.	Appointment of Mr. R Chandrasekar as an additional director of the Company			

Signed this day of, 2017.

Signature of shareholder(s)..... Signature of Proxy holder(s).....

Affix Revenue Stamp Re.1

Note:

¹ The Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The Proxy need not be a Member of the Company.

^{#2} It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

BOARD'S REPORT

Your directors have pleasure in presenting the seventeenth annual report together with the audited accounts of the company for the year ended 31 March 2017.

FINANCIAL RESULTS

	<i>(Rs. in lakhs)</i>	
	2016-17	2015-16
Gross Income	1340	1,262
Profit before tax	835	701
Profit after tax	610	473

DIVIDEND

Your directors do not recommend any dividend for the year in order to conserve the profits for further business growth of the company.

OPERATIONS

Your company consolidated its wealth management business by activating its online platform through its website www.cholamoneymanager.com. This paved way for easy execution of transactions both for lump-sum investments and SIPs. As part of new project ideas in Chola, SIP Ambassador Program got underway effectively. During the year, SIP Project was launched which aimed at inculcating the savings habit through SIP investments. More than 1500 customers got enrolled in SIP Project. Added to employee convenience, in coordination with HR, Compliance and Finance, SIP through salary deduction got successfully carried out. For HNI clients, couple of performing PMS Products were added for better choice within the overall product composition. Your company engaged with HNI clients through Investor Meets across major cities. Other new initiatives are Simply "Save Mobile Application" through AMC platform with co-branding by the company. On the insurance front, CRM initiative targeting Chola VF client base, supplementing the same with HDFC Life, for effective business lead conversions.

OUTLOOK

In FY 17-18, your company to will focus on engaging with SIP clients to identify potential MNI clients. Your Company is also working on seamless on-boarding of client through online registration process and automation of risk profiling process are being contemplated as per technological Enhancements. Your company is also working on various options on insurance products, both for wealth management customers and group network.

DIRECTORS

Mr. Vellayan Subbiah (holding DIN 01138759) retires by rotation at the ensuing annual general meeting and being eligible, has offered himself for re-appointment.

Mr. R Chandrasekar, additional director of the Company holds office up to the forthcoming annual general meeting of the company. Your company has received required notice under the provisions of section 160 of the Companies Act, 2013 from Cholamandalam Investment and Finance Company Limited, holding company, proposing the candidature of Mr. Chandrasekar as

director and your board recommends his appointment as a non-executive director of the company liable to retire by rotation.

DECLARATION FROM INDEPENDENT DIRECTORS

The independent directors (IDs), Mr. Nalin Mansukhlal Shah and Ms. Sasikala Varadachari have submitted declarations of independence, as required pursuant to section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149(6). In the opinion of the board, these IDs fulfill the conditions specified in the Act and the rules made there under for appointment as IDs and confirm that they are independent of the management.

KEY MANAGERIAL PERSONNEL

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

1. Mr. B Govindarajan – Manager
2. Mr. D. Arul Selvan - Chief Financial Officer
3. Ms. P Sujatha - Company Secretary

Ms. P Sujatha was appointed as the company secretary effective 1 August, 2016 in the place of Ms. J Meenakshi who had resigned from her position as the company secretary.

AUDITORS

Pursuant to the provisions of section 139 of the Act, and the rules framed there under, M/s. RGN Price & Co., Chartered Accountants, were appointed as statutory auditors of the company in the annual general meeting held on 30 July, 2014 for a period of 5 years commencing from the closure of the fourteenth annual general meeting till the closure of the nineteenth annual general meeting subject to ratification by members at every AGM. Accordingly, your directors recommend the ratification of the appointment of M/s. RGN Price & Co. as statutory auditors of the company from the conclusion of the seventeenth annual general meeting till the conclusion of the eighteenth annual general meeting of the company. The statutory auditors have confirmed their eligibility for appointment.

EXTRACT OF ANNUAL RETURN

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

BOARD MEETINGS

The schedule of board meetings for the calendar year is prepared and circulated in advance to the directors. During the year, the board met five times on 28 April 2016, 28 July 2016, 26 October 2016, 24 January 2017 and 20 March 2017.

AUDIT COMMITTEE

As at 31 March, 2017, the audit committee of the Board comprises Mr. Nalin Mansukhlal Shah, Ms. Sasikala Varadachari and Mr. Vellayan Subbiah. The committee on a quarterly basis reviews the internal audit reports, financial statements of the company and evaluates the efficacy of the audit function. During the year, the committee met five times on 28 April 2016, 28 July 2016, 26 October 2016, 24 January 2017 and 20 March 2017.

NOMINATION AND REMUNERATION COMMITTEE

As at 31 March, 2017, the nomination and remuneration committee comprises Mr. Vellayan Subbiah, Mr. Nalin Mansukhlal Shah and Ms. Sasikala Varadachari. During the year, the committee met two times on 28 April 2016 and 28 July 2016.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As at 31 March, 2017, the corporate social responsibility committee comprises Mr. Nalin Mansukhlal Shah, Ms. Sasikala Varadachari and Mr. Vellayan Subbiah. During the year, the committee had one meeting on 28 April 2016.

REMUNERATION POLICY, CRITERIA FOR BOARD NOMINATION & SENIOR MANAGEMENT APPOINTMENTS

Pursuant to the provisions of section 178 of the Act, on recommendation by the nomination and remuneration committee, the board of directors has framed a remuneration policy relating to the remuneration of the directors, key managerial personnel and other employees. The nomination and remuneration committee has further formulated the criteria for board nomination and senior management appointment including determining qualifications, positive attributes and independence of a director.

FORMAL ANNUAL EVALUATION

In compliance with section 134(3)(p) of the Act and the rules made there under, the annual performance evaluation of the board was carried out during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' responsibility statement as required under sections 134(3)(c) of the Act, reporting the compliance with accounting standards is attached and forms part of board's report.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees or investments covered under section 186 of the Act are given in the notes to the financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large.

All the related party transactions are placed before the audit committee for approval at the beginning of the financial year. The transactions entered into pursuant to the approval so granted are placed before the audit committee for its review and consider for modifications, if any, on a quarterly basis.

None of the directors has any pecuniary relationship or transaction vis-à-vis the company other than the transactions entered with the company.

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

The company has no activity relating to consumption of energy or technology absorption. During the year, the company has not incurred any expenditure in foreign currency. The company does not have any foreign exchange earnings.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Proper internal financial controls have been laid down to be followed by the company with reference to the financial statements and such internal financial controls are adequate and operating effectively.

RISK MANAGEMENT POLICY

Risk Registers / Risk Monitoring

The Enterprise Risk Management team (ERM) team of the holding company, Cholamandalam Investment and Finance Company Limited oversees the risk management framework of the company.

The ERM framework for the company comprises the following components for effective risk management:

- Identification of various risks
- Risk assessment by evaluating the probability and impact
- Measurement and monitoring process by establishing key risk indicators with thresholds for all critical risks and adequate review mechanism

The company has drawn up comprehensive risk registers, by identifying all types of risks, viz., strategic, financial, operational, compliance and reputation, with appropriate internal controls and the risk owner for each risk. Based on the existing internal controls, the residual risks are derived and top risks are identified based on the severity of residual risks. The key risk indicators

are identified for risks, wherever feasible, to track the movement of the risk profile. The company has institutionalised a formal risk reporting framework through the risk monitoring tool called risk index. The risk index highlights the movement of the key risks and this is reviewed on a monthly basis by the senior management.

The company has established Business Continuity Plan during the year under review and has carried out training.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has established whistle blower mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimisation of directors / employees / customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received.

SEXUAL HARASSMENT POLICY

The company has in place a prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the calendar year 31 December, 2016, there were no referrals received by ICC. The internal complaints committee members have been re-appointed for a period of 3 years effective 24 April, 2017.

PARTICULARS OF EMPLOYEES

During the year, there was no employee covered by the provisions of section 197 of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENT

Your directors wish to thank the customers, principals and other business partners for their support to the continued growth of your company's operations.

The directors also thank the staff of the company for their contribution to the company's operations during the year under review.

On behalf of the board

Chennai
26 July, 2017

NALIN MANSUKHLAL SHAH
CHAIRMAN

DIRECTORS' RESPONSIBILITY STATEMENT

(Annexure to the Board's Report)

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

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures there from;
- (ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2017 and of the profit of the company for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis; and
- (v) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31 March, 2017.

On behalf of the board

Chennai
26 July, 2017

NALIN MANSUKHLAL SHAH
CHAIRMAN

S.N.	Category of Shareholders	No. of Shares held at the beginning of the year (01-APR-2016)				No. of Shares held at the end of the year (31-MAR-2017)				% Change during the year
		Demat	Physical	Total No. of Shares	% to Total No. of Shares	Demat	Physical	Total No. of Shares	% to Total No. of Shares	
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other:	-	-	-	-	-	-	-	-	-
	Sub-Total A(2):	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group A = A(1)+A(2)	-	42,399,998	42,399,998	99.99	-	42,399,998	42,399,998	99.99	-
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
(b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government (s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other:	-	-	-	-	-	-	-	-	-
	- Multilateral Financial Institution	-	-	-	-	-	-	-	-	-
	- Foreign Corporate Bodies	-	-	-	-	-	-	-	-	-
	Sub-Total B(1):	-	-	-	-	-	-	-	-	-
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	(i) Indian	-	-	-	-	-	-	-	-	-
	(ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	2	2	0.00	-	2	2	0.00	-
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
(c)	Any Other:	-	-	-	-	-	-	-	-	-
	NON RESIDENT INDIANS	-	-	-	-	-	-	-	-	-
	TRUST	-	-	-	-	-	-	-	-	-
	CLEARING MEMBERS	-	-	-	-	-	-	-	-	-
	Sub-Total B(2):	-	2	2	0.00	-	2	2	0.00	-
	Total Public shareholding=B(1)+B(2):	-	2	2	0.00	-	2	2	0.00	-
	Total (A+B):	-	42,400,000	42,400,000	100.00	-	42,400,000	42,400,000	100.00	-
(C)	Shares held by custodians, for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Sub-Total (C):	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C):	-	42,400,000	42,400,000	100.00	-	42,400,000	42,400,000	100.00	-

* Beneficial interest in the shares are held by M/s.Cholamandalam Investment and Finance Company Limited

(ii) Shareholding of Promoters -

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
PROMOTERS								
1	Cholamandalam Investment and Finance Company Limited	42,399,993	99.99	-	42,399,993	99.99	-	-
2	M A Alagappan*	2	-	-	2	-	-	-
3	M M Venkatachalam*	1	-	-	1	-	-	-
4	A Vellayan*	1	-	-	1	-	-	-
5	M M Murugappan*	1	-	-	1	-	-	-
Total		42,399,998	99.99	-	42,399,998	99.99	-	-

* Beneficial interest in the shares are held by M/s.Cholamandalam Investment and Finance Company Limited

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year – Promoter & Promoter Group	42,399,998	99.99	42,399,998	99.99
2.	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
3.	At the end of the year – Promoter & Promoter Group	42,399,998	99.99	42,399,998	99.99

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

S.No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	N Srinivasan	1	-	-	-	-	1	-
2.	D Arulselvan	1	-	-	-	-	1	-

(v) Shareholding of Directors and Key Managerial Personnel:

SN.	Name of the Director / KMP	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		End of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Directors:								
1.	Mr. Nalin Mansukhlal	At the beginning – 01.04.2016 & end of the year – 31.03.2017 (No change in the shareholding position during the year)	-	-	-	-	-	-
2.	Ms. Sasikala Varadachari		-	-	-	-	-	-
3.	Mr. Vellayan Subbiah		-	-	-	-	-	-
KMP:								
4.	Mr. B Govindarajan*	At the beginning – 01.04.2016 & end of the year – 31.03.2017 (No change in the shareholding position during the year)	-	-	-	-	-	-
5.	Mr. D Arul Selvan		1	0.00	1	0.00	-	-
6.	Ms. P Sujatha**		-	-	-	-	-	-
7.	Ms. J Meenakshi**		-	-	-	-	-	-

* Mr. B Govindarajan was appointed as Manager of the Company w.e.f. 28 April, 2016

**Ms. P Sujatha was appointed as Company Secretary effective 1 August 2016 in the place of Ms. J Meenakshi who had resigned from her position as the Company Secretary

V. Indebtedness of the Company including interest outstanding / accrued but not due for payment:

There was no indebtedness of the company during the year ended 31 March, 2017.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Manager:

Sl. no.	Particulars of Remuneration	B. Govindarajan – Manager – for the period 28/04/2016 to 31/03/2017
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,93,293.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,32,000.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	
5.	Others, please specify	-
	Total (A)	27,25,293.00
	Ceiling as per the Act	41,74,015.00

B. Remuneration to Directors:

SN	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
	1. Independent Directors	Nalin Mansukhlal Shah	Sasikala Varadachari	
	• Fee for attending board /committee meetings	50,000.00	50,000.00	100,000.00
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	-	-	100,000.00

SN	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
	2. Other Non-Executive Directors	Vellayan Subbiah		
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-		
	Total Managerial Remuneration	100,000.00		
	Overall Ceiling as per the Act	10,00,000.00**		

**Pursuant to Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, maximum sitting fees payable shall not exceed rupees one lakh per meeting of the board or committee. In accordance with Rule 4, sitting fee of Rs.10,000 is paid for each board meeting attended by the independent directors.

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

(Amount in Rs.)

SN.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	6,03,945.00	-	6,03,945.00
2.	Stock Option a) Allotment of Shares(including premium) b) Share application money pending allotment	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission -as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	6,03,945.00	-	6,03,945.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31 March, 2017.

CSR Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:

Shri AMM Murugappa Chettiar Research Centre (MCRC) is working on Panchagavya, vitamate and biochar in the past 5years to develop and disseminate among rural farmers for promoting the growth of plants and soil fertility. These products have been mass produced using abundantly available agri- residues, livestock and other wastes. It is cost-effective, eco-friendly and a sustainable alternative to chemical fertilizers and soil conditioners. MCRC is planning to conduct a baseline survey on impact these products on crop growth, grain yield, income generation, soil fertility and sustainability. Based on the outcome of this survey, MCRC will work on improvement of technology and to explore in other areas and more beneficiaries. Continuing its legacy of being a responsible corporate citizen, the Company took forward the tradition of positively impacting lives, by initiating this program with MCRC. The outcome of this survey will utilize to improve the technology/method of implementation and to explore in other area and more beneficiaries.

2. The composition of the CSR committee:

Mr. Vellayan Subbiah, Chairman of the CSR Committee (Non-executive Director)
 Mr. Nalin Mansukhlal Shah (Independent Director)
 Ms. Sasikala Varadachari (Independent Director)

3. Average net profit of the company for last three financial years:

Rs. 575 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

Rs. 11.51 lakhs

5. Details of CSR spend during the financial year:

Nature of Activity	Partner Entity	Amount (Rs. in lakhs)
Assessment on sustainable agricultural practices including impact identification of improvement areas and future actions.	Shri AMM Murugappa Chettiar Research Centre (MCRC)	11.51

a. Total amount to be spent for the financial year: Rs. 11.51 lakhs

b. Amount unspent, if any: Nil



Cholamandalam Distribution Services Limited

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
				(Rs. in lakhs)			
1	Assessment on sustainable agricultural practices including impact identification of improvement areas and future actions	Agroforestry	Tamil Nadu (Villupuram, Cuddalore, Sivaganga, Perambalur)	11.76	11.51	11.51	MCRC
	TOTAL			11.76	11.51	11.51	MCRC

* Represents the name of the implementing agency

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

Due to adjustments in the method of arriving at average net profit, the company had short spent a sum of Rs.25,000/-, which will be spent in the subsequent year.

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

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

On behalf of the board

Place: Chennai
Date: 27 April, 2017

Vellayan Subbiah
Chairman - CSR Committee

Nalin Mansukhlal Shah
Director



R.G.N.PRICE & CO.
CHARTERED ACCOUNTANTS

Phone : 28413633 /28583494
Telefax : 28544569
E-Mail : price@vsnl.com
Offices at : Mumbai, Ernakulam, Quilon, Calicut,
Bangalore and New Delhi

Simpson's Buildings,
861, Anna Salai
CHENNAI - 600 002.

26th July 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Distribution Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Cholamandalam Distribution Services Limited** ("the Company"), which comprises the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, 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 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 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 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 the 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 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 the Annexure A, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors 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 B.
 - (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 by the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were 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 to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 36 to the financial statements

For R. G. N. PRICE & CO.
Chartered Accountants



Mahesh Krishnan
Partner
M. No. 206520
FR No. 002785S

Annexure A referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date to the members of Cholamandalam Distribution Services Limited on the Financial Statements of the Company for the year ended 31st March, 2017

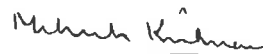
- I a. The Company has maintained proper records for its fixed assets showing full particulars including quantitative details and situation of those assets.
- b. As per the practice followed by the Company, fixed assets are physically being verified every year. During the year fixed assets were verified by the Company and no material discrepancies were noticed.
- c. The Company owns no immovable property. Hence Clause 3(i)(c) of the Order is not applicable.
- II Considering the nature of business of the Company, Clause 3(ii) of the Order relating to inventories is not applicable.
- III The Company has granted loans during the year to a party covered in the register maintained under Section 189 of the Companies Act. The outstanding amount as at 31st March 2017 was Rs. 38,50,00,000/-
- In respect of the above loans,
- a. The terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- b. The repayment of principal and payment of interest were stipulated and such repayments and payment of interest were regular.
- c. There were no overdue amounts remaining at the year end.
- IV According to the information and explanations given to us, and records of the Company examined by us, in our opinion, the Company has complied with the provisions of Section 185 and 186 of the Companies Act with respect to loans and investments within the ambit of these sections. The Company has not given any guarantees or security relating to section 185 and 186 of the Act.
- V The Company has not accepted any deposits during the year. Hence Clause 3(v) of the Order is not applicable.
- VI Having regard to the nature of business and activities, Clause 3(vi) of the Order relating to maintenance of cost records is not applicable.
- VII a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it. There are no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31st March 2017 for a period of more than six



months from the date they became payable.

- b. There are no dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax which have not been deposited on account of any dispute as at 31st March 2017.
- VIII The Company has not borrowed from any financial institutions or banks or issued debentures. Accordingly Clause 3(viii) of the Order is not applicable.
- IX The Company has not made any public offer for subscription nor has taken any term loans during the period.
- X We have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
- XI The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- XII The Company is not a Nidhi Company and hence Clause 3(xii) of the Order is not applicable.
- XIII All transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- XIV The Company has not made any preferential allotment or private placement of shares or fully convertible or partly convertible debentures during the year under review.
- XV The Company has not entered into any non- cash transactions with the directors or persons connected with them contravening Section 192 of Companies Act, 2013.
- XVI The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R. G. N. PRICE & CO.
Chartered Accountants



Mahesh Krishnan
Partner
M. No. 206520
FR No. 002785S

Annexure B referred to in Clause (e) of Paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date on the Financial Statements of M/s Cholamandalam Distribution Services Limited, for the year ended 31st March 2017.

We have audited the internal financial controls over financial reporting of **Cholamandalam Distribution Services Limited** ('the Company') as of March 31, 2017 in conjunction with our audit of the 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 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 and the Standards of Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and 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 unmodified 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

According to the information and explanations given to us and based on our audit, the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial control 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 of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R. G. N. PRICE & CO.
Chartered Accountants



Mahesh Krishnan
Partner
M. No. 206520
FR No. 002785S

CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Balance Sheet as at March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

Particulars	Note No	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	3	424,000,000	424,000,000
Reserves and Surplus	4	94,713,995	33,700,712
		518,713,995	457,700,712
Current Liabilities			
Trade Payables	5	3,237,550	4,373,900
Other Current Liabilities	6	2,656,610	2,782,581
Short-Term Provisions	7	3,277,709	1,361,562
		9,171,869	8,518,043
Total		527,885,864	466,218,755
ASSETS			
Non-Current Assets			
Fixed Assets			
(i) Property, Plant and Equipment	8	2,283,233	885,592
(ii) Intangible Assets	9	1,738,281	1,578,229
		4,021,514	2,463,821
Non-Current Investments	10	88,679,008	96,682,067
Deferred Tax Assets (Net)	11	1,377,267	9,202,721
Long-Term Loans and Advances	12	40,044,115	31,525,597
		134,121,904	139,874,206
Current Assets			
Current Investments	13	1,500,000	17,000,000
Trade Receivables	14	2,631,198	5,745,567
Cash and Cash Equivalents	15	2,507,998	1,741,998
Short-Term Loans and Advances	16	385,473,563	301,033,996
Other Current Assets	17	1,651,201	822,988
		393,763,960	326,344,549
Total		527,885,864	466,218,755

See accompanying Notes forming part of the Financial Statements

For and on behalf of the Board of Directors

In terms of our report attached
For **R.G.N. Price & Co.**
Chartered Accountants
Firm's Registration No: 002785S

Mahesh Krishnan

Mahesh Krishnan
Partner
Membership No: 206520



Nalin Mansukhlal Shah

Nalin Mansukhlal Shah
Chairman

Vellayan Subbiah

Vellayan Subbiah
Director

Arulselvan. D

Arulselvan. D
Chief Financial Officer

P.Sujatha

P.Sujatha
Company Secretary

Place: Chennai
Date : July 26, 2017

CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Statement of Profit and Loss for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

Particulars	Note No	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Revenue			
Revenue from Operations	18	65,730,339	96,714,211
Other Income	19	68,263,170	29,436,481
Total Revenue		133,993,509	126,150,692
Expenses			
Employee Benefits Expense	20	23,526,680	29,429,638
Depreciation and Amortisation Expense	21	1,490,752	1,629,629
Other Expenses	22	25,495,774	24,985,938
Total Expenses		50,513,206	56,045,205
Profit Before Tax		83,480,303	70,105,487
Current Tax Expense			
- Current Year		12,671,997	14,617,518
- Prior Years		29,220	264,222
Deferred Tax	11	7,825,453	795,515
MAT Credit Entitlement			
- Current Year		1,808,929	7,670,415
- Prior Years		131,421	(552,145)
Net Tax Expense		22,467,020	22,795,525
Profit After Tax		61,013,283	47,309,962
Earnings Per Share (of Rs.10/- each)			
(i) Basic	24	1.44	1.12
(ii) Diluted	24	1.44	1.12

See accompanying Notes forming part of the Financial Statements

In terms of our report attached
For **R.G.N. Price & Co.**
Chartered Accountants
Firm's Registration No: 002785S

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

Mahesh Krishnan

Nalin M. Shah

Vellayan Subblah

Mahesh Krishnan
Partner
Membership No: 206520

Nalin Mansukhlal Shah
Chairman

Vellayan Subblah
Director



Place: Chennai
Date : July 26, 2017

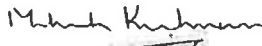
D. Arulselvan
Arulselvan. D
Chief Financial Officer

P. Sujatha
P.Sujatha
Company Secretary

CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED
Cash Flow Statement for the Year Ended March 31, 2017
(All amounts are in Indian rupees unless otherwise stated)

Particulars	Year Ended March 31,2017	Year Ended March 31,2016
A. Cash Flow from Operating Activities		
Profit Before Tax	83,480,303	70,105,487
Adjustments for:		
Depreciation and Amortisation Expense	1,490,752	1,629,629
Provision for Doubtful Debts and Advances	(22,496,782)	11,970
Provision for Claw back	262,237	(1,040,897)
Interest Income	(28,404,878)	(26,327,996)
Profit on Sale of Current Investments	(1,671,004)	(1,776,862)
Profit on Sale of Non-current Investment	(15,683,006)	(133,455)
(Profit)/Loss on Sale /write off of Tangible Assets (Net)	(7,500)	80,904
Liability no longer required written back	-	(155,220)
Operating Profit before Working Capital changes	16,970,122	42,393,560
Changes in Working Capital:		
Adjustments for Increase / (Decrease) In Operating Liabilities:		
Trade Payables	(1,136,350)	(5,073,880)
Short - Term Provisions	240,605	(1,694,605)
Other Current Liabilities	(125,971)	(2,424,486)
Adjustment for (Increase) / Decrease in Operating Assets:		
Trade Receivables	3,114,369	(892,570)
Short - Term Loans and Advances	560,433	(324,466)
Long - Term Loans and Advances	5,150,414	259,378
Other Current Assets	(828,213)	1,381,982
Cash Generated from / (Used In) Operations	23,945,409	33,624,913
Tax (Paid)/ Refunds	(4,737,898)	(11,309,259)
Net Cash Flow from Operating Activities	19,207,511	22,315,654
B. Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment/Intangible Assets (Including Capital Advance)	(2,710,961)	(1,884,258)
Proceeds from Sale of Property, Plant and Equipment	7,500	1,422,365
Purchase of Current / Non-Current Investments	(123,813,932)	(150,192,084)
Proceeds from Sale of Current / Non - Current Investments	164,671,004	149,276,862
Bank balances not considered as Cash and Cash Equivalents		
- Placed	-	-
- Matured	-	-
Intercompany Deposits (Net)	(85,000,000)	(50,000,000)
Interest Received	28,404,878	26,327,996
Net Cash Flow Used in Investing Activities	(18,441,511)	(25,049,119)
C. Cash Flow from Financing Activities		
Net (Decrease) / Increase In Cash and Cash Equivalents	766,000	(2,733,465)
Cash and Cash Equivalents at the Beginning of the Year	1,741,998	4,475,463
Cash and Cash Equivalents at the End of the Year	2,507,998	1,741,998
Net Cash and Cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15	2,507,998	1,741,998

In terms of our report attached
For **R.G.N. Price & Co.**
Chartered Accountants
Firm's Registration No: 0027855


Mahesh Krishnan
Partner
Membership No: 206520



Place: Chennai
Date : July 26, 2017

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




Nalin Mansukhlal Shah
Chairman



Vellayan Subblah
Director



Aruvelvan. D
Chief Financial Officer



P.Sujatha
Company Secretary

CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

1. Corporate Information

Cholamandalam Distribution Services Limited ("the Company") is a wholly-owned subsidiary of Cholamandalam Investment and Finance Company Limited, a constituent company of Murugappa Group. The Company is in the business of providing wealth management services with enhanced focus on larger product basket and unbiased investment advice. Products offered include mutual funds, life and general insurance, equities, fixed deposits, bonds, real estate advisory and home loans.

2. Significant Accounting Policies

(i) 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"), including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The significant accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Use of estimates

The 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 due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known.

(iii) Cash and Cash equivalents (for purposes of cash flow statement)

Cash and cash equivalents include cash, balances with banks, deposits held at call with banks and other short-term highly liquid investments, including deposits with original maturities of three months or less from the date of acquisition.

(iv) 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.

(v) Depreciation and Amortisation

Depreciation on Property, plant and equipment (PPE) is calculated on the straight-line method using the rates, arrived at based on the useful lives estimated by the Management, or those prescribed under the Schedule II to the Companies Act, 2013, whichever are higher. The Company has used the following useful lives to provide depreciation on its PPE.

Block of Assets	Useful Life (in Years)
Computers	3
Server *	3
Office equipment	5
Vehicles *	5
Computer software	3

*Estimated useful lives of these assets are based on usage and replacement policy of such assets.

Operating software is capitalised along with computers and is depreciated at the rates applicable to Computers. Application software is considered as an intangible asset and is amortised over the estimated useful life.

Accelerated depreciation is provided on assets, based on their condition, usability, etc. as per the technical estimates of the Management, where necessary.

Depreciation charge on additions / deletions is restricted to the period of use. Assets costing Rs.5,000 or less are fully depreciated in the year of addition.



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017
(All amounts are in Indian rupees unless otherwise stated)

(vi) Revenue Recognition

Revenue is recognised on accrual basis based on contractual obligations and when there is no uncertainty in receiving the same.

(vii) Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

Profit / loss on sale of investments is recognised at the time of sale or redemption.

(viii) Property, Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. The cost of PPE is inclusive of freight, any directly attributable expenditure in making the asset ready for its intended use and other incidental expenses. Improvements to leasehold premises are capitalised considering the enduring benefits.

(ix) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. The cost of intangible asset comprises its purchase price and any directly attributable expenditure in making the asset ready for its intended use.

(x) Investments

Investment which are readily realisable 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 Non-current investments.

Non-current investments are carried individually at cost less provision for diminution in value of such investments which is other than temporary in nature. Current investments are carried individually, at the lower of cost and fair value. Cost of Investments includes acquisition charges such as brokerage, fees and duties.

(xi) Employee Benefits

a) Defined Contribution Plan

The Company's contributions to Provident Fund, Pension Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

b) Defined Benefit Plans

The Company makes contribution to a Gratuity Fund administered by trustees and managed by LIC. For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. 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 retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

c) Long-Term Employee Benefits

The Company accounts its liability for compensated absences to be availed in future 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.

d) 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 is 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.

(xii) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

(xiii) 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.

(xiv) Taxation

Income Tax: Current Tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternative Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the qualifying period. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred Tax: Deferred tax is recognised on timing differences, being the differences 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, deferred tax assets are recognised only if there is virtual certainty 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.



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31,2017

(All amounts are in Indian rupees unless otherwise stated)

(xv) Impairment of Assets

The carrying values of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use.

(xvi) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for -

(i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company

(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.

(xvii) 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.

(xviii) Operating Cycle

Assets and Liabilities are classified as Current and Non-Current based on the Management evaluation of Operating Cycle which has been estimated to be 12 months. Based on this evaluation, all assets which are expected to be realised and liabilities which are due to be settled, within a period of 12 months from the Balance Sheet date have been classified as Current and balance Assets and Liabilities are classified as Non-current.

(xix) Service Tax Input Credit

Service Tax Input Credit is accounted for in the books in the period when the underlying service received is accounted. Provision for Service Tax Input Credit is created when there is uncertainty in utilising the Service Tax Input Credit.



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
3 Share Capital		
<u>Equity Share Capital</u>		
Authorised		
42,500,000 Equity Shares of Rs.10/- each	425,000,000	425,000,000
Issued, Subscribed and fully Paid up		
42,400,000 Equity Shares of Rs.10/- each	424,000,000	424,000,000

a. Reconciliation of shares outstanding at the beginning and at the end of the year

	As at March 31, 2017		As at March 31, 2016	
	Nos	Amount	Nos	Amount
At the beginning of the year	42,400,000	424,000,000	42,400,000	424,000,000
Issued / Cancelled during the year				
Outstanding as at end of year	42,400,000	424,000,000	42,400,000	424,000,000

b. Rights, Preferences and restrictions attached to Equity shares

The Company is having only one class of equity shares having a nominal value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by the holding company - Equity shares

	As at March 31, 2017	As at March 31, 2016
	Nos.	Nos.
Cholamandalam Investment and Finance Company Limited (including Shares held by its Nominees)	42,400,000	42,400,000

d. Shares held by the shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2017	As at March 31, 2016
	Nos.	Nos.
Equity Shares with voting rights (including Shares held by its Nominees)	42,400,000	42,400,000
	% holding in that Class of Shares	% holding in that Class of Shares
Cholamandalam Investment and Finance Company Limited and its nominees - (As at March 31, 2017 and March 31, 2016)	100%	100%



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED**Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017***(All amounts are in Indian rupees unless otherwise stated)*

	As at March 31, 2017	As at March 31, 2016
4 Reserves and Surplus		
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the Beginning of the Year	33,700,712	(13,609,250)
Profit for the Year	61,013,283	47,309,962
Balance at the End of the Year	<u>94,713,995</u>	<u>33,700,712</u>
5 Trade Payables		
Dues to Micro and Small Enterprises (Refer Note 32)	-	-
Others	3,237,550	4,373,900
	<u>3,237,550</u>	<u>4,373,900</u>
6 Other Current Liabilities		
Statutory Dues	425,394	532,979
Amount payable to Related Parties (Refer Note 30)	12,312	30,698
Others - Advance received from part sale in Faering Capital	2,218,904	2,218,904
	<u>2,656,610</u>	<u>2,782,581</u>
7 Short-Term Provisions		
Provision for Compensated Absences	1,077,230	950,134
Provision for Gratuity (Refer Note 27)	113,509	-
Provision for tax (Net of TDS / Advance tax)	1,413,305	-
Provision for Clawback of Commission Income (Refer Note 33)	673,665	411,428
	<u>3,277,709</u>	<u>1,361,562</u>



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED
Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017
(All amounts are in Indian rupees unless otherwise stated)
Note: 8 & 9 - Fixed Assets
Current Year

Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block		
	Balance as at April 1, 2016	Additions	Deletions	Cost as at March 31, 2017	Balance as at April 1, 2016	For the Year Ended March 31, 2017	Withdrawn	Balance as at March 31, 2017	Balance as at March 31, 2016
8. Property, Plant and Equipment									
Computers	3,091,784	2,035,771	-	5,127,555	3,091,784	416,556	-	3,508,340	1,619,215
Office Equipment	398,500	36,904	-	435,404	382,626	12,732	-	395,358	40,046
Furniture and Fixtures	95,500	-	-	95,500	95,500	-	-	95,500	-
Vehicles	1,259,800	-	40,100	1,219,700	390,082	245,746	40,100	595,728	869,718
Total	4,845,584	2,072,675	40,100	6,878,159	3,959,992	675,034	40,100	4,594,926	885,592
9. Intangible Assets - Acquired									
Computer Software	7,427,342	975,770	-	8,403,112	5,849,113	815,718	-	6,664,831	1,578,229
Total	7,427,342	975,770	-	8,403,112	5,849,113	815,718	-	6,664,831	1,578,229

Previous Year

Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block		
	Balance as at April 1, 2015	Additions	Deletions	Cost as at March 31, 2016	Balance as at April 1, 2015	For the Year Ended March 31, 2016	Withdrawn	Balance as at March 31, 2016	Balance as at March 31, 2015
8. Property, Plant and Equipment									
Improvements to leasehold premises	1,970,533	-	1,970,533	-	1,970,533	-	1,970,533	-	-
Computers	9,982,614	-	6,890,830	3,091,784	9,982,614	-	6,890,830	3,091,784	-
Office Equipment	838,745	15,000	455,245	398,500	782,157	14,053	413,584	382,626	56,588
Furniture and Fixtures	195,529	-	100,029	95,500	195,529	-	100,029	95,500	-
Vehicles	2,766,404	1,524,196	3,030,800	1,259,800	1,505,552	453,723	1,569,193	390,082	1,260,852
Total	15,753,825	1,539,196	12,447,437	4,845,584	14,436,385	467,776	10,944,169	3,959,992	1,317,440
9. Intangible Assets - Acquired									
Computer Software	5,799,500	1,627,842	-	7,427,342	4,687,260	1,161,853	-	5,849,113	1,112,240
Total	5,799,500	1,627,842	-	7,427,342	4,687,260	1,161,853	-	5,849,113	1,112,240



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017
(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
10 Non-Current Investments (At cost)- Non-trade		
Investments in Venture Capital Fund - Unquoted		
Faering Capital India Evolving Fund (38,654 Units of Rs.1,000 each) (As at March 31, 2016 - 46,657 Units of Rs.1,000 each)	38,654,008	46,657,067
Investment in Shares -Quoted		
Investment in Coromandel Engineering Co. Ltd. (2,500,100 Equity shares of Rs.10 each fully paid up) (As at March 31, 2016 - 2,500,100 Equity Shares of Rs.10 each fully paid up)	50,025,000	50,025,000
	88,679,008	96,682,067
Market Value of Quoted Investments	97,128,885	141,630,665
11 Deferred Tax Assets (Net)		
- Difference between depreciation as per Books of Account and the Income Tax Act, 1961	760,840	1,314,437
- Provision for Compensated Absences	356,164	314,143
- Provision for Service Tax Input Credit	-	7,438,111
- Provision for Gratuity	37,529	-
- Provision for Clawback	222,734	136,030
	1,377,267	9,202,721
12 Long-Term Loans and Advances		
Unsecured and Considered Good unless otherwise stated		
Security Deposits	-	1,000
Staff Advances	-	183,332
Tax Deducted at Source/Advance tax [Net of Provision for Tax As at March 31, 2016 - Rs.55,141,211]	-	6,550,015
MAT Credit Entitlement	22,513,416	24,453,766
Capital Advances	-	337,484
Service Tax Input Credit	17,530,699	22,496,781
	40,044,115	54,022,378
Less: Provision for Service Tax Input Credit	-	22,496,781
	40,044,115	31,525,597
13 Current Investments (Unquoted)		
Investments In Mutual Funds		
Prudential ICICI Liquid Fund Growth Option 6,248 units (As at March 31, 2016 -Nil)	1,500,000	-
HDFC Liquid Fund Growth Option Nil units (As at March 31, 2016 -5,700 Units)	-	17,000,000
	1,500,000	17,000,000



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
14 Trade Receivables		
Unsecured - Considered Good		
Outstanding for a period exceeding six months from the date they were due for payment	.	.
Amount receivable from Related Party (Refer Note 30)	.	107,170
Others	2,631,198	5,638,397
	2,631,198	5,745,567
15 Cash and Cash Equivalents		
Cash on Hand	15,000	15,000
Balances with Banks:		
On Current Accounts	2,492,998	1,726,998
	2,507,998	1,741,998
16 Short-Term Loans and Advances		
Unsecured considered good		
Prepaid Expenses	473,563	548,091
Prepaid Gratuity (Refer Note 27)	.	485,905
Inter -corporate deposits to related party (Refer Note 30)	385,000,000	300,000,000
	385,473,563	301,033,996
17 Other Current Assets		
Accrued Revenue - Commission Income	1,651,201	822,988
	1,651,201	822,988



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED**Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017***(All amounts are in Indian rupees unless otherwise stated)*

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
18 Revenue from operations		
Commission Income	65,345,339	96,301,711
Advisory Fees	385,000	412,500
	65,730,339	96,714,211
19 Other Income		
Interest Income on		
- Intercompany Deposits	26,539,253	25,928,594
- Income Tax Refund	1,865,625	399,402
Profit on Sale of Investments		
- Current	1,671,004	1,776,862
- Non-current	15,683,006	133,455
Provision for Claw back written back (Refer Note 33)	*	1,040,897
Provision for Doubtful Advances written back	22,496,782	-
Liability no longer required written back	-	155,220
Profit on Sale of Fixed Assets	7,500	-
Miscellaneous Income	*	2,051
	68,263,170	29,436,481
20 Employee Benefits Expense		
Salaries, Wages and Bonus	21,149,914	27,004,321
Contribution to Provident and Other Funds	1,431,827	1,035,310
Staff Welfare Expenses	944,939	1,390,007
	23,526,680	29,429,638
Defined Contribution Plans / Benefit Plans		
Amount recognised in the Statement of Profit and Loss		
(i) Provident fund (Refer Note 26)	727,351	955,779
(ii) Superannuation Fund (Refer Note 26)	101,994	215,525
(iii) Gratuity Expense (Refer Note 27)	602,482	(135,994)
	1,431,827	1,035,310



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED**Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017***(All amounts are in Indian rupees unless otherwise stated)*

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
21 Depreciation and amortisation expense		
Depreciation of Property, Plant and Equipment (Refer Note 8)	675,034	467,776
Amortisation of Intangible Assets (Refer Note 9)	815,718	1,161,853
	<u>1,490,752</u>	<u>1,629,629</u>
22 Other Expenses		
Rent	1,724,624	5,201,523
Rates and Taxes	172,108	237,868
Business Development Expenses	137,112	77,305
Communication Expenses	370,738	384,047
Travelling and Conveyance	1,032,752	899,280
Printing and Stationery	183,890	248,509
Electricity Charges	745,821	1,121,302
Insurance	1,151,453	590,332
Repairs and Maintenance	340,836	796,889
Information Technology Expenses	2,648,167	2,751,782
Outsourcing expenses	4,518,367	9,005,377
Professional Charges	10,598,140	1,995,967
Provision for Doubtful Advances (Net)	-	11,970
Compensation Claim (Refer Note 33)	-	800,000
Corporate Social Responsibility Expenditure (Refer Note 35)	1,151,000	817,000
Payments to Auditors :		
Statutory audit	400,000	400,000
Taxation matters	50,000	50,000
Other Services	200,000	200,000
Out of Pocket Expense	20,000	20,000
Other Certification	100,000	25,000
Provision for Claw back of Commission Income(Net) (Refer Note 33)	262,236	-
Loss on Sale of Fixed Assets (Net)	-	80,904
Miscellaneous Expenses	68,030	29,883
	<u>25,875,274</u>	<u>25,744,938</u>
Less: Expenses Recovered	379,500	759,000
	<u>25,495,774</u>	<u>24,985,938</u>



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

23 Capital commitments (to the extent not provided for)

	As at March 31, 2017	As at March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Intangible Assets	-	1,722,423
Investment Commitment on Faering Capital India Evolving Fund	3,168,472	3,168,472

24 Earnings per share

Profit After Tax	61,013,283	47,309,962
Weighted Average Number of Equity Shares (Nos.)	42,400,000	42,400,000
Earnings Per Share - Basic	1.44	1.12
- Diluted	1.44	1.12
Face Value Per Share	10	10



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

25 Long -Term Compensated Absences

Particulars	March 31 , 2017	March 31 , 2016
Assumptions :		
Discount Rate	6.60%	8.00%
Future Salary Increase (%)	7.50%	5.00%
Retirement	58 yrs	58 yrs
Attrition :		
MG 7 & above	33.00%	1.00%
MG 4,5 and 6	33.00%	2.00%
Others	33.00%	3.00%

26 Defined Contribution Plans

The Company makes Provident Fund, Pension Fund and Superannuation Fund Contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.727,351 (March 2016 - Rs.955,779) for Provident Fund contributions and Rs.101,994 (March 2016- Rs.215,525) for Superannuation Fund contribution in the Statement of Profit and Loss. The Contribution payable to these plans by the Company are at rates specified in the rules of the Schemes.

27 Defined Benefit Plan - Gratuity

Details of Actuarial Valuation:

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Present Value of Defined Benefit Obligation		
Balance at the beginning of the year	1,296,913	1,368,496
Current Service Cost	166,908	195,163
Interest Cost	103,679	53,669
Actuarial Losses / (Gains)	465,821	(266,862)
Benefits Paid	-	(53,553)
Balance at the end of the year	2,033,321	1,296,913
Fair Value of Defined Benefit Obligation		
Balance at the beginning of the year	1,782,818	1,284,239
Expected return on Plan Assets	142,524	61,341
Actuarial (Losses) / Gains	(8,598)	56,623
Contributions by the Company	3,068	434,168
Benefits Paid	-	(53,553)
Balance at the end of the year	1,919,812	1,782,818
(Assets) and Liabilities recognised in the Balance Sheet		
Liability at the End of the year	2,033,321	1,296,913
Fair Value of Plan Assets as at the End of the year	1,919,812	1,782,818
Amount Recognised in the Balance Sheet under (Note 16 - Short term loans and advances) and (Note - 7 Short term Provisions)	113,509	(485,905)
Expense Recognised in the Statement of Profit and Loss		
Current Service Cost	166,908	195,163
Interest Cost	103,679	53,669
Expected Return on Plan Assets	(142,524)	(61,341)
Actuarial Losses / (Gains)	474,419	(323,484)
Total Expense (Refer Note 20)	602,482	(135,994)
Experience Adjustments		
Experience Adjustment on Plan Liabilities (Gain) / Loss	(154,768)	(266,862)
Experience Adjustment on Plan Assets Gain / (Loss)	(8,598)	56,623
Actuarial Assumptions		
Discount Rate	6.60%	8.00%
Expected Return on Plan Assets	7.50%	8.00%
Salary Growth Rate	7.50%	5.00%
Attrition Rate	33.00%	1% to 3%



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

Other disclosure:			Amount in Rs.
Year	Projected Benefit Obligation at the End of the year	Fair Value of Plan Assets at the End of the Year	Surplus/ (Deficit)
2016-17	2,033,321	1,919,812	(113,509)
2015-16	1,296,913	1,782,818	485,905
2014-15	1,368,496	1,284,239	(84,257)
2013-14	717,311	1,171,169	453,858
2012-13	1,165,460	1,255,025	89,565

Experience Adjustments

Year	Amount in Rs.	
	Plan Liabilities (Gain) / Loss	Plan Assets Gain / (Loss)
2016-17	(154,768)	(8,598)
2015-16	(266,862)	56,623
2014-15	369,036	2,353
2013-14	(448,676)	7,429
2012-13	(324,125)	-

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- The Composition of Plan assets which is funded with Life Insurance Corporation of India is as below:

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets	March 31, 2016*
Government securities	61.87%
Bonds, debentures and other fixed income instruments	31.35%
Equity shares	6.98%

* as per latest information available from LIC

- Estimated amount of contribution to the fund during the year ending March 31, 2018, as estimated by the Management is Rs. 867,620/- (Previous Year Rs.50,000)
- The discount rate is based on the prevailing market yields or Government of India Securities as at Balance Sheet date for the estimated term of the obligations.

28 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 mutually agreed basis between the companies in the Group, which has been relied upon by the Auditors.

29 Segment Reporting

The Company's main business is to distribute financial products and services. All other 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 "Segment Reporting".



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes Forming Part of the Financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

30 Related Party Disclosures

Related Parties under AS 18 with whom transactions have taken place during the year

Holding Company	Cholamandalam Investment and Finance Company Limited
Entity having significant influence over the Holding Company	Tube Investments of India Limited (from 2nd September 2015)
Ultimate Holding Company	Tube Investments of India Limited (till 1st September 2015)
Joint Venture of Ultimate Holding Company	Cholamandalam MS Risk Services Limited (Upto September 1, 2015)
Holding Company's Fellow Subsidiaries	Cholamandalam MS General Insurance Company Limited - (Upto September 1, 2015)
Fellow Subsidiaries	(i) Cholamandalam Securities Limited (ii) White Data System India Private Limited (From March 16, 2016)

Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year

Key Managerial Personnel	Mr. Arulselvan . D - Chief Financial Officer Ms. Sujatha . P - Company Secretary (from 1st August 2016) Ms. Meenakshi J - Company Secretary (up to 31st July 2016) Mr. Govindarajan . B - Manager (From 28th April 2016)
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Note: Related Party relationships are as identified by the Company and relied upon by the Auditors.

Details of Related Party Transactions

Transaction	Name of the Party	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Income			
Sharing of costs & service Charges	Cholamandalam Investment and Finance Company Limited	756,046	1,104,252
	Cholamandalam Securities Limited	-	3,938
Interest Income	Cholamandalam Investment and Finance Company Limited	26,539,253	25,928,594
Expenses			
Rent	Cholamandalam Investment and Finance Company Limited	1,391,150	4,374,103
Reimbursement of Expenses	Cholamandalam Investment and Finance Company Limited	12,510,300	6,911,851
	Cholamandalam Securities Limited	551,579	1,820,969
Others			
Sale of Tangible Assets	Cholamandalam Investment and Finance Company Limited	-	823,261
Advances / Deposits Given	Cholamandalam Investment and Finance Company Limited	625,000,000	100,000,000
Advances / Deposits Recovered	Cholamandalam Investment and Finance Company Limited	540,000,000	50,000,000
Key Managerial Personnel Remuneration	Mr. Arulselvan D* Ms. Sujatha P * Ms. Meenakshi Mr. Govindarajan B	603,945 2,725,293	2,109,848
Assets			
Intercorporate Deposit	Cholamandalam Investment and Finance Company Limited	385,000,000	300,000,000
Receivable	Cholamandalam Investment and Finance Company Limited	-	107,170
Liabilities			
Payable	Cholamandalam Investment and Finance Company Limited	12,312	20,288
	Cholamandalam Securities Limited	-	10,410

* Chief Financial Officer and Company Secretary of Holding Company are also the Chief Financial Officer and Company Secretary for the Company. Hence no remuneration is paid by the Company.



CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED

Notes forming part of the financial Statements for the Year Ended March 31, 2017

(All amounts are in Indian rupees unless otherwise stated)

31 Disclosure required under Sec 186(4) of the Companies Act 2013

Included in loans and advances are certain Inter-corporate deposits the particulars of which are disclosed below as required by Sec 186(4) of Companies Act, 2013

Particulars	Date of Deposit	Date of Maturity	As on March 31, 2017	As on March 31, 2016
To CIFCL @ 10.05% for 2 Years	15-May-14	14-May-16	-	50,000,000
To CIFCL @ 10.05% for 2 Years	16-May-14	15-May-16	-	160,000,000
To CIFCL @ 9.10% for 2 Years	20-Feb-15	20-Feb-17	-	20,000,000
To CIFCL @ 8.15% for 1 Year	13-Nov-15	12-Nov-16	-	20,000,000
To CIFCL @ 8.25% for 1 Year	28-Mar-16	28-Mar-17	-	15,000,000
To CIFCL @ 8.70% for 2 Years	29-Mar-16	29-Mar-18	-	35,000,000
To CIFCL @ 7.15% for 11 Months	24-Oct-16	22-Sep-17	275,000,000	-
To CIFCL @ 7.40% for 11 Months	11-Nov-16	11-Oct-17	20,000,000	-
To CIFCL @ 6.90% for 11 Months	25-Nov-16	24-Oct-17	30,000,000	-
To CIFCL @ 7.10% for 11 Months	20-Feb-17	19-Jan-18	40,000,000	-
To CIFCL @ 6.95% for 11 Months	17-Mar-17	16-Feb-18	5,000,000	-
To CIFCL @ 6.95% for 11 Months	20-Mar-17	22-Feb-18	15,000,000	-
Total			385,000,000	300,000,000

The loans have been utilized for meeting their working capital requirements.

32 Micro, Small and Medium Enterprises (MSME)

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Based on the information available with the Company, there are no overdue amounts payable to MSME as defined under the Micro, Small and Medium Enterprises Development Act, 2006 at the Balance Sheet date.

Particulars	As on March 31, 2017	As on 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 the MSMED Act	-	-

33 Changes in Provisions

Current Year :

Particulars	As at April 1, 2016	Additional Provision	Utilisation/ Reversals	As at March 31, 2017
Provision for Claw back - Refer Notes 7 & 22	411,428	672,675	410,438	673,665

Previous Year:

Particulars	As at April 1, 2015	Additional Provision	Utilisation/ Reversals	As at March 31, 2016
Provision for Claw back - Refer Notes 7 & 22	1,452,325	410,438	1,451,335	411,428
Provision for Contingencies - Refer Notes 7 & 22	1,200,000	800,000	2,000,000	-



(i) Provision for Clawback : In accordance with SEBI Circular dated 13 September 2012, commission received with regard to mutual fund investments made with effect from 1 October 2012 can be proportionately clawed back if the investment is redeemed within the exit load period as prescribed in each scheme. Accordingly, the Management has estimated the above provision in accordance with the Company's policy and is expected to be settled over the next one year.

(ii) Provision for Contingencies : The provision is made towards loss estimated against the claim made by a customer.

34 Stock Options

Under the Employee Stock Option Scheme – 2007 of the Holding Company, Cholamandalam Investment & Finance Company Limited, 10292 options (net of cancelled/lapsed) of the Holding Company have been granted and exercised by an employee of the Company as at March 31, 2017. As the administrator of the Employee Stock Option Scheme, the Holding Company has informed the Company that there are no costs to be transferred to the Company with respect to the options granted and outstanding as at March 31, 2017.

35 Details of Corporate Social Responsibility (CSR)

(a) Gross amount required to be spent by the Company during the year Rs.11.76 lakhs

(b) Amount spent during the year on:

FY 2016-17

Particulars	Amount Spent	Amount to be Spent	Total
(i) Construction / acquisition of any assets	-	-	-
(ii) On purpose other than (i) above	1151000	25000	1176000

Unspent amount of Rs. 25000 /- for FY 2016-17 will be spent in FY 2017-18

FY 2015-16

Particulars	Amount Spent	Amount to be Spent	Total
(i) Construction / acquisition of any assets	-	-	-
(ii) On purpose other than (i) above	817000	-	817000

36 Details of Specified Bank Notes (SBN)

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are provided in the table below:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	8,000	3,287	11,287
Add: Permitted receipts	-	18,000	18,000
Less: Permitted Payments	-	18,172	18,172
Less: Amount deposited in Banks	8,000	-	8,000
Closing cash in hand as on 30.12.2016	-	5,115	5,115

37 Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification/disclosure.

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

Place : Chennai
Date : July 26, 2017

Nalin M. Shah

Nalin Mansukhlal Shah
Chairman

Vellayan Subbiah

Vellayan Subbiah
Director

For R. G. N. PRICE & CO.
Chartered Accountants

Mahesh Krishnan

Mahesh Krishnan
Partner
M. No. 206520
FR No. 002785S

Arulselvan. D

Arulselvan. D
Chief Financial Officer

P.Sujatha

P.Sujatha
Company Secretary