

# **CHOLAMANDALAM HOME FINANCE LIMITED**

*(Formerly Cholamandalam Distribution Services Limited)*

**ANNUAL REPORT  
2018 – 19**

**Cholamandalam Home Finance Limited**  
*(Formerly Cholamandalam Distribution Services Limited)*

**Board of Directors**

Sasikala Varadachari (DIN: 07132398)

Ashok Kumar Barat (DIN: 00492930)

Sridharan Rangarajan (DIN: 01814413)

Arun Alagappan (DIN: 00291361)

**Auditors**

M/s. RGN Price & Co ., Chartered Accountants

**Company Secretary**

P Sujatha

**Corporate Identity Number**

U65100TN2000PLC045617

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

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**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services Limited)**  
**Registered Office: "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai 600 001.**  
**Phone No.: 044 4090 7172; Fax No.: 044 2534 6464**  
**Website: www.cholawealthdirect.com**  
**CIN - U65100TN2000PLC045617**

**NOTICE TO MEMBERS**

**NOTICE** is hereby given that the nineteenth annual general meeting of the members of Cholamandalam Home Finance Limited (formerly Cholamandalam Distribution Services Limited) will be held at 5 p.m. on Monday, the July 29, 2019 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, 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, 2019 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, the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** Mr. Sridharan Rangarajan (DIN : 01814413) 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, 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), M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Chennai bearing registration no.101049W/E300004, be and is hereby appointed as Statutory Auditors of the Company for a period of 5 years from the conclusion of the 19<sup>th</sup> annual general meeting till the conclusion of the 24<sup>th</sup> annual general meeting at a remuneration of Rs. 10,00,000/- (Rupees Ten Lakhs only) per annum including the actual out of pocket expenses incurred in connection with the audit in addition to applicable taxes

**RESOLVED FURTHER THAT** the board of directors of the company (including any committee thereof) be and is hereby authorised to fix the remuneration payable to the statutory auditors of the company, from time to time including the actual travelling and out of pocket expenses incurred in connection with the audit, in addition to taxes as applicable, during the appointed period till the conclusion of 24<sup>th</sup> annual general meeting.

## **SPECIAL BUSINESS**

4. To consider and if deemed fit, to pass, the following as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** in supersession of the resolutions passed earlier and pursuant to the provisions of section 180(1)(a), 180(1)(c) and all other applicable provisions of the Companies Act, 2013 read with such Rules as may be applicable (including any statutory modification(s) or amendment(s) or re-enactment thereof for the time being in force) and in terms of the Memorandum and Articles of Association of the company, approval of the members of the company be and is hereby accorded to the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committee thereof which the board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) to borrow moneys from time to time and, if it thinks fit, for creation of such mortgage, charge and/or hypothecation as may be necessary, in addition to the existing charges, mortgages and hypothecations, if any, created by the company, on such of the assets of the company, both present and future, and/or on the whole or substantially the whole of the undertaking or the undertakings of the company, in such manner as the board may direct, in favour of financial institutions, investment institutions, banks, insurance companies, mutual funds, trusts, other bodies corporate or any other person(s) (hereinafter referred to as the "lending agencies") and Trustees for the holders of debentures/bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments, including but not restricted to securing those facilities which have already been sanctioned, including any enhancement therein, even though the moneys to be borrowed together with the moneys already borrowed by the company may exceed at anytime, the aggregate of the paid-up share capital, free reserves and securities premium reserve of the Company, upto a limit of an outstanding aggregate value of Rs. 2,000 crores (apart from temporary loans obtained from the company's bankers in the ordinary course of business), together with interests thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the company to the trustees under the trust deed and to the lending agencies under their respective agreements/loan agreements/debenture trust deeds entered/to be entered into by the company in respect of the said borrowings.

5. To consider and if deemed fit, to pass, the following as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** pursuant to the provisions of sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and in accordance with the provisions of NHB Directions, the Memorandum and Articles of Association of the company and subject to such other requirements as may be prescribed by regulatory authorities from time to time, consent of the members of the company be and is hereby accorded to offer, issue and allot, in one or more series or tranches, secured and non-convertible debentures on a private placement basis during the period commencing from the date of the nineteenth annual general meeting until the conclusion of the twentieth annual general meeting, up to an amount not exceeding Rs. 578 crores (Rupees Five Hundred and seventy eight Crores) within the overall borrowing limits of the company, as approved by the members, on such terms and

conditions and at such times at par or at such premium as may be decided by the board of directors of the company (including committees thereof), from time to time, to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals, as the case may be or such other person / persons as the board of directors of the company (including committees thereof) may determine and consider proper and most beneficial to the company including rate of interest, tenure and security cover thereof, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto.

**RESOLVED FURTHER THAT** the board of directors of the company (including any committee, if any, thereof), be and is hereby authorised to do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments and writings as may be deemed necessary, proper, desirable or expedient to give effect to this resolution.

6. To consider and if deemed fit, to pass, the following as an **ORDINARY RESOLUTION**:

**RESOLVED THAT** pursuant to section 13, 61 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, (including any statutory modifications or re-enactment thereof, for the time being in force) ("Act"), and subject to all other applicable laws and regulations including but not limited to all necessary statutory or regulatory approvals, permissions, consents and sanctions which may be agreed to by the board of directors of the company, consent of the members of the company be and is hereby accorded to alter the Clause V of the Memorandum of Association of the company by substituting with the following:

"The Authorised share capital of the Company is Rs.142,50,00,000/- (Rupees one hundred and forty two crores and fifty lacs only) divided into 14,25,00,000 (Fourteen crores twenty five lacs) equity shares of Rs.10/- (Rupees ten only) each. The Company shall have power to increase the said capital and to issue any shares of the original or any new capital with any preferential rights, privileges, conditions or advantages over or as compared with any shares previously issued or to be thereafter issued, whether in respect of dividend or repayment of capital or both and whether with any special rights of voting or without any right of voting, and generally on such terms as the company may from time to time by special resolution determine, but so nevertheless that in the event of the capital of the company (including the original capital) being or becoming divided into shares of different classes, the rights or privileges attached to any class, may be affected, altered, modified or dealt with only in accordance with the provisions in that behalf contained in the Articles of Association of the Company for the time being subject to the Provisions of Companies Act, 2013."

**By Order of the Board**

Place: Chennai  
Date : April 26, 2019

**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. Proxy form for the AGM is enclosed.
2. Members are requested to inform immediately any change in their address to the registered office of the company.
3. The explanatory statement pursuant to section 102 of the Companies Act, 2013 ("the Act") in respect of businesses set out above in resolution nos. 4, 5 and 6 is annexed.

**By Order of the Board**

Place: Chennai  
Date : April 26, 2019

P Sujatha  
Company Secretary

## ANNEXURE TO THE NOTICE

### A. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (the Act):

#### Item No. 4 - Approval of borrowing powers of the Company:

Under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, sanction of the company by way of a special resolution is required for enabling the board of directors to borrow money in excess of paid-up share capital and free reserves of the company and to create charge, mortgage, hypothecate, create lien, pledge over its assets / properties in favour of its lenders for the purposes of securing the loan / credit facilities extended by them to the company. In view of the increased volume of operations of the company planned for the next few years, it is considered necessary to authorize the Board to borrow upto Rs. 2,000 crores. Hence, the resolution as set out in item no.4 is being sought, by way of a special resolution, pursuant to section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 seeking approval of the shareholders to authorise the board of directors to borrow in excess of the aggregate of the paid-up capital and free reserves up to a sum not exceeding Rs. 2,000 crores and to create charge, mortgage, hypothecate, create lien, pledge / over the assets / properties of the company.

The board recommends the resolution as set out in item no.4 of the Notice for approval of the members.

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

#### Item No.5 - Issue of debentures on a private placement basis:

Pursuant to the provisions of section 42 of the Act read with rule 14(2)(a) of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), a company offering or making an invitation to subscribe to non-convertible debentures ("NCDs") on a private placement basis, is required to obtain the prior approval of the shareholders by way of a special resolution.

Such an approval by way of special resolution can be obtained once a year for all the offers and invitations proposed to be made for such NCDs during the year.

The company proposes to borrow up to Rs. 578 crores by way of NCDs during the period from the conclusion of 19<sup>th</sup> AGM till the conclusion of the next AGM. The proceeds of the debentures are expected to be utilised for working capital to finance the growth of the lending portfolio of the company in its proposed housing finance business.

Accordingly, the approval of the members is being sought in connection with the aforesaid proposed issue of NCDs. Further, members are requested to authorise the board (including any committee thereof) to issue NCDs on a private placement basis, as stipulated above in one or more tranches, within the overall borrowing limits of the company, as approved by the members from time to time. The board recommends the resolution as set out in item no.5 of the Notice for approval of the members.



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

**Item No. 6 - Alteration of the Capital Clause in the Memorandum of Association of the company:**

In line with business plan for FY2019-20 for the proposed housing finance business and to meet the planned growth in operations of the Company, the Board had considered equity infusion of Rs. 100 crores in one or more tranches.

The existing authorised share capital of the Company is Rs.42.50 crores, in order to accommodate the further infusion the Board had considered increasing the authorised share capital of the Company from the existing Rs.42.50 crores to Rs. 142.50 crores.

Further, the increase in Authorised Share Capital will have to reflect with an alteration in the Memorandum of Association of the Company. The changes to the existing capital clause proposed are as set out in resolution no.6. The alteration of the capital clause in the MOA requires the approval of the members by means of a resolution pursuant to the provisions of section 13 read with section 61 of the Act. Hence the approval of the members is being sought for resolution No. 6 of this Notice.

The board recommends the resolution as set out in item no.6 of the Notice for approval of the members.

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

**B. DISCLOSURE UNDER SECRETARIAL STANDARDS ON GENERAL MEETINGS:**

Name of the Director	Mr. Sridharan Rangarajan
DIN	01814413
Date of Birth	16 <sup>th</sup> March, 1966
Date of Appointment (Initial appointment)	8 <sup>th</sup> June, 2018 – Appointed as Additional Director of the Company
Qualification	Graduate in Commerce, Associate Member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India
Expertise in specific functional areas	President and Group CFO – Murugappa Group. Has over 29 years of experience in Finance in manufacturing, service and distribution, banking and contracting industries.
Number of meetings of the board attended during the year	Five Meetings (Attended all Meetings during the year held subsequent to his appointment as Director)

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Directorships in other companies (including foreign companies)	<ol style="list-style-type: none"> <li>1. Cholamandalam Financial Holdings Limited( Formerly known as TI Financial Holdings Limited)</li> <li>2. Net Access India Limited</li> <li>3. Cholamandalam MS General Insurance Company Limited</li> <li>4. Cholamandalam MS Risk Services</li> <li>5. Cholamandalam Health Insurance Limited</li> <li>6. Thukela Refractories Isithebe Pty Limited</li> <li>7. CUMI Europe s.r.o</li> </ol>
Memberships in board committees of other companies (includes membership details of all committees)	<p>Member in following Committees in Cholamandalam MS General Insurance Company Limited;</p> <ol style="list-style-type: none"> <li>a) Audit Committee</li> <li>b) Management Committee</li> <li>c) Investment Committee</li> <li>d) Business Committee</li> <li>e) Risk Management Committee</li> <li>f) Policyholders protection Committee</li> </ol> <p>Member in the following Committees in Cholamandalam Financial Holdings Limited</p> <ol style="list-style-type: none"> <li>a) Audit Committee</li> <li>b) Stakeholders Relationship Committee</li> <li>c) Corporate Social Responsibility Committee</li> <li>d) Risk Management Committee</li> </ol>
No. of shares held in the company	NIL
Inter-se relationship with any other directors or KMP of the company	NIL
Details of remuneration sought to be paid	NIL
Details of remuneration last drawn	Not Applicable.

**Route Map to the venue of the AGM**

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



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CIN: U65100TN2000PLC045617

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

Phone No.: 044 4090 7172; Fax No.: 044 2534 6464

Website:www.cholawelathdirect.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 19<sup>th</sup> AGM held at No.2, N.S.C. Bose Road, 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.

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CIN: U65100TN2000PLC045617

Registered Office: "DARE HOUSE", No.2, N.S.C. Bose Raod, Parrys, Chennai 600 001

Phone No.: 044 4090 7172; Fax No.: 044 2534 6464

Website:www.cholawelathdirect.com

**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 .....

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 nineteenth

Annual General Meeting of the Company, to held at 5.00 p.m. on Monday, 29 July, 2019 and at any adjournment thereof in respect of

such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional) <sup>#</sup>		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements and Board's Report for the year ended 31 March 2019			
2.	Appointment of Mr. Sridharan Rangarajan, Director retiring by rotation			
3.	Appointment of M/s. S.R.Batliboi & Associates LLP, Chartered Accountants, as the Auditors of the Company and fixing their remuneration			
Special Business				
4.	Special resolution for approval of borrowing powers of the company			
5.	Special resolution for issue of securities on a private placement basis under section 42 of the Companies Act, 2013			
6.	Ordinary resolution to approve alteration of Capital Clause of the Memorandum of Association of the Company			

Signed this ..... day of ....., 2019.

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.

<sup>#</sup>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 nineteenth annual report together with the audited accounts of the company for the year ended 31<sup>st</sup> March 2019.

### **FINANCIAL RESULTS**

	<i>(Rs. in lakhs)</i>	
	<b>2018-2019</b>	<b>2017-18</b>
Gross Income	4124	1151
Profit/(Loss) before tax	(1053)	678
Profit/(Loss) after tax	(762)	505

### **DIVIDEND**

Your directors have not recommended any dividend for the year under review.

### **OPERATIONS**

During the year, your company has received approval of change of name from the Ministry of Corporate Affairs (MCA) and consequently the name was changed as Cholamandalam Home Finance Limited w.e.f. 27<sup>th</sup> April 2018, to reflect the proposed housing finance business of the company. Your company further submitted an application to the National Housing Bank (NHB), Delhi, seeking approval to register as a Housing Finance Company and concentrated on setting up the housing finance business and building the new operating model. The application is currently under process and pending for approval with NHB.

### **OUTLOOK**

With the Central Government focus on "Housing for All", significant opportunity for lending exists in the affordable and mid segment housing. Your Board, considering the opportunity in the home loan segment had made an application with National Housing Bank (NHB), Delhi seeking approval to register as a Housing Finance Company. During the year, your Company will focus on obtaining Housing Finance Company license from National Housing Bank and upon receiving the license, will concentrate on implementing the new business plan as approved by your Board.

### **DIRECTORS**

#### **Appointment:**

During the year, Mr. Ashok Kumar Barat and Mr. Sridharan Rangarajan, were appointed as additional directors of the company and subsequently appointed as directors of the company at the 18<sup>th</sup> annual general meeting upon receiving required notices under the provisions of section 160 of the Act.

#### **Re-appointment:**

Mr. Sridharan Rangarajan (DIN 01814413) retires by rotation at the ensuing annual general meeting and being eligible, has offered himself for re-appointment.

**Resignation:**

During the year, Mr. R Chandrasekar resigned from the office of directorship of the company on 8<sup>th</sup> June 2018. The board places on record its deep appreciation for the contributions made by Mr. R Chandrasekar to the company as member of the board and its committees during his tenure of office.

**DECLARATION FROM INDEPENDENT DIRECTOR**

The independent directors (IDs), Ms. Sasikala Varadachari and Mr. Ashok Kumar Barat have submitted the 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) of the Act. 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 confirmed 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 (upto 31<sup>st</sup> October 2018)
2. Mr. D Arulselvan - Chief Financial Officer (upto 26<sup>th</sup> April, 2019)
3. Ms. P Sujatha - Company Secretary

The Board at its meeting on 26<sup>th</sup> April, 2019 had appointed the following as Key Managerial Personnel ;

Mr. Rohit Phadke – Chief Executive Officer

Ms. A. Kavitha – Chief Financial Officer (in place of Mr. D. Arulselvan)

**AUDITORS**

M/s. RGN Price & Co., Chartered Accountants, (RGN) were appointed as statutory auditors of the company for a period of 5 years at the 14<sup>th</sup> AGM of the company as per the provisions of Section 139 of the Act. Accordingly, RGN complete their 5 year tenure at the closure of the 19<sup>th</sup> AGM of the Company.

Pursuant to Sections 139 and 141 of the Act and other applicable provisions, if any, read with Companies (Audit & Auditors) Rules, 2014 made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), it is proposed to appoint, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Chennai bearing registration no.101049W/E300004 as statutory auditors of the company for a period of five (5) years commencing from the conclusion of 19<sup>th</sup> AGM till 24<sup>th</sup> AGM subject to the approval of the members at the ensuing AGM.

## **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 herewith as annexure.

## **BOARD MEETINGS**

The schedule of board meetings for the calendar year is prepared and circulated in advance to the directors to enable maximum attendance from director. During the year, the board met seven times on 20<sup>th</sup> April 2018, 17<sup>th</sup> May 2018, 8<sup>th</sup> June 2018, 25<sup>th</sup> July 2018, 29<sup>th</sup> October 2018, 29<sup>th</sup> January 2019 and 18<sup>th</sup> March, 2019.

## **COMMITTEES OF THE BOARD:**

Pursuant to the provisions of Housing Finance Companies (HFC) – Corporate Governance (NHB) Directions, 2016, your Board at its meeting held on 8<sup>th</sup> June 2018 had constituted the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee and such committees shall discharge the functions as may be delegated to it by the Board.

## **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As at 31<sup>st</sup> March, 2019, the corporate social responsibility committee comprises Ms. Sasikala Varadachari, Mr. Arun Alagappan and Mr. Sridharan Rangarajan. During the year, the committee met once on 20<sup>th</sup> April 2018.

## **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 Indian 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**

No loans, guarantees or investments have been made under section 186 of the Act.

## **RELATED PARTY TRANSACTIONS**

All transactions with related parties 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. There are no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(h) of the Act in form AOC-2

All proposed transactions with related parties are placed before the audit committee/Board 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 / Board 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.

## **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 and no foreign currency remittance was made during the year.

## **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 MANAGEMENT**

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

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

- (a) Clear understanding and identification of various risks
- (b) Disciplined risk assessment by evaluating the probability and impact of each risk



- (c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and
- (d) Adequate review mechanism to monitor and control risks.

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

**Risk Governance structure:** The Enterprise Risk Management (ERM) team of the holding company, Cholamandalam Investment and Finance Company Limited oversees the risk management framework of the company. Company's risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the company directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the company about risk management. The company's risk management initiatives and risk MIS are reviewed monthly by the top management.

#### **BUSINESS CONTINUITY PLAN (BCP):**

The company has reviewed and updated Business Continuity Plan during the year under review.

#### **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.

#### **POLICY ON PREVENTION OF SEXUAL HARASSMENT**

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 2018, there were no referrals received by ICC.

**COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETING**

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India in respect of meetings of the Board of Directors and general meetings held during the year.

**ACKNOWLEDGEMENT**

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

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

On behalf of the board

Chennai  
April 26 2019

**SASIKALA VARADACHARI**  
**CHAIRPERSON**

**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 Indian accounting standards have been followed and that there were no material departures therefrom;

(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2019 and of the profit/loss of the company for the year ended on that date;

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

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

(v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended 31 March, 2019; and

(vi) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31 March, 2019

On behalf of the board

Chennai  
April 26, 2019

**SASIKALA VARADACHARI**  
**CHAIRPERSON**

**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services Limited)**

ANNEXURE - FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

For the financial year ended on 31 March, 2019

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

**I. REGISTRATION AND OTHER DETAILS**

Corporate Identification Number (CIN)	U65100TN2000PLC045617
Registration Date	23 August, 2000
Name of the Company	Cholamandalam Home Finance Limited (Formerly Cholamandalam Distribution Services Limited)
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered office and contact details	"Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai - 600 001 Phone: 044 4090 7172 (bd.) Fax: 044 2534 6464 website: www.cholawealthdirect.com
Listed company (Yes / No)	No
Name, address and contact details of Registrar and transfer agent, if any	-

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

S. No.	Name and description of main products / services	NIC Code of the product/ Service*	% to total turnover of the company
1	Corporate agency	Section K – Group 662 Activities auxiliary to insurance and pension funding	93.93

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Cholamandalam Investment and Finance Company Limited	L65993TN1978PLC007576	Holding Company	100%	Section 2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

(i) Category-wise Share Holding -

S.N.	Category of Shareholders	No. of Shares held at the beginning of the year (01-APR-2018)				No. of Shares held at the end of the year (31-MAR-2019)				% Change during the year
		Demat	Physical	Total No. of Shares	% to Total No. of Shares	Demat	Physical	Total No. of Shares	% to Total No. of Shares	
(A)	<b>PROMOTERS AND PROMOTER GROUP</b>									
(1)	<b>INDIAN</b>									
(a)	Individuals / HUF*	-	5	5	0.00	-	6**	6**	0.00	0.00
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	42,399,993	42,399,993	99.99	-	42,399,993	42,399,993	99.99	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other :	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1):</b>	-	<b>42,399,998</b>	<b>42,399,998</b>	<b>99.99</b>	-	<b>42,399,999</b>	<b>42,399,999</b>	<b>99.99</b>	-
(2)	<b>FOREIGN</b>									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / Financial	-	-	-	-	-	-	-	-	-

**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services Limited)**

S.N.	Category of Shareholders	No. of Shares held at the beginning of the year (01-APR-2018)				No. of Shares held at the end of the year (31-MAR-2019)				% 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	
	Institutions									
(e)	Any Other:	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2):</b>	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group A = A(1)+A(2)</b>	-	42,399,998	42,399,998	99.99	-	42,399,999	42,399,999	99.99	-
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	<b>INSTITUTIONS</b>									
(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	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(1):</b>	-	-	-	-	-	-	-	-	-
(2)	<b>NON-INSTITUTIONS</b>									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	(i) Indian	-	-	-	-	-	-	-	-	-
	(ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
	(i) Individual shareholders holding nominal share capital upto Rs.1 lakh *	-	2	2	0.00	-	1**	1**	0.00	-
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
(c)	Any Other:	-	-	-	-	-	-	-	-	-
	NON RESIDENT INDIANS	-	-	-	-	-	-	-	-	-
	TRUST	-	-	-	-	-	-	-	-	-
	CLEARING MEMBERS	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(2):</b>	-	2	2	0.00	-	1	1	0.00	-
	<b>Total Public shareholding=B(1)+B(2):</b>	-	2	2	0.00	-	1	1	0.00	-
	<b>Total (A+B):</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	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (C):</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C):</b>	-	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

\*\*During the year the share held by Mr. N. Srinivasan was transferred to Mr. Arun Alagappan with effect from 27<sup>th</sup> September, 2018.

**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services 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	
	<b>PROMOTERS</b>							
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	-	-	-
6	Arun Alagappan*	-	-	-	1**	-	-	0.00
	<b>Total</b>	<b>42,399,998</b>	<b>99.99</b>	<b>-</b>	<b>42,399,999</b>	<b>99.99</b>	<b>-</b>	<b>-</b>

\* Beneficial interest in the shares are held by Cholamandalam Investment and Finance Company Limited

\*\* During the year 1 share held by Mr. N. Srinivasan was transferred to Mr. Arun Alagappan with effect from 27<sup>th</sup> September, 2018.

**(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	4,23,99,998	99.99		
2.	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease	-	-	-	-
	a.27 <sup>th</sup> September, 2018 – Transferred from Mr. N. Srinivasan to Mr. Arun Alagappan	1	0.00	4,23,99,999	99.99
3.	At the end of the year – Promoter & Promoter Group	-	-	4,23,99,999	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 (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	D Arulselvan*	1	0.00	-	-	-	1	0.00

\* Beneficial interest in the shares are held by Cholamandalam Investment and Finance Company Limited

**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services Limited)**

**(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
<b>Directors:</b>								
1.	Ms. Sasikala Varadachari	At the beginning – 01.04.2018 & end of the year – 31.03.2019	-	-	-	-	-	-
2.	Mr. Ashok Kumar Barat		-	-	-	-	-	-
3.	Mr. Arun Alagappan		-	-	1***	0.00	1***	0.00
4.	Mr. Sridharan Rangarajan		-	-	-	-	-	-
5.	Mr. Mr. R Chandrasekar *		-	-	-	-	-	-
<b>KMP:</b>								
6.	Mr. D Arul Selvan	At the beginning – 01.04.2018 & end of the year – 31.03.2019	1	0.00	1	0.00	1	0.00
7.	Ms. P Sujatha	No change in the shareholding position during the year						
8.	Mr. B Govindarajan**		-	-	-	-	-	-

\*Mr. R Chandrasekar resigned as a director w.e.f. 8<sup>th</sup> June, 2018.

\*\* Mr. B Govindarajan resigned as a manager w.e.f. 31<sup>st</sup> October, 2018

\*\*\*During the year 1 share held by Mr. N. Srinivasan was transferred to Mr. Arun Alagappan with effect from 27<sup>th</sup> September, 2018

**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, 2019.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Manager:**

Sl. no.	Particulars of Remuneration	B. Govindarajan – Manager – for the period 01/04/2018 to 31/10/2018
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,37,986
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	11,200
	(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	262,199
	<b>Total (A)</b>	<b>16,11,385</b>
	Ceiling as per the Act	<b>84,00,000*</b>

\*The Company does not have profits for the year 2018-19 and hence by application of Schedule V of the Companies Act, 2013, the ceiling of remuneration is Rs. 84,00,000 for FY 2018-19.

**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services Limited)**

**B. Remuneration to Directors:**

SN	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
	<b>1. Independent Directors</b>	<b>Sasikala Varadachari</b>		
	• Fee for attending board/committee meetings	70,000.00		70,000.00
	• Commission	-		-
	• Others, please specify	-		-
	<b>Total (1)</b>			<b>70,000.00</b>
	<b>2. Other Non-Executive Directors</b>	<b>Arun Alagappan</b>	<b>Ashok Kumar Barat</b>	
	• Fee for attending board/committee meetings	-	60,000	60,000
	• Commission	-	-	-
	• Others, please specify	-	-	-
	<b>Total (2)</b>	-	-	<b>60,000</b>
	<b>3. Other Non-Executive Directors</b>	<b>Sridharan Rangarajan</b>	<b>*R Chandrasekar</b>	
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	<b>Total (3)</b>	-	-	-
	Total (B)=(1+2)			-
	Total Managerial Remuneration			<b>1,30,000</b>
	Overall Ceiling as per the Act (Exclusive of sitting fee)			<b>84,00,000**</b>

\* Mr. R Chandrasekar resigned as Director w.e.f 8<sup>th</sup> June, 2018.

\*\* The Company does not have profits for the year 2018-19 and hence by application of Schedule V of the Companies Act, 2013, the ceiling of remuneration is Rs. 84,00,000 for FY 2018-19.

**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		-	
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	-	-	-
	<b>Total</b>	-	-	-

\*Remuneration paid by Cholamandalam Investment and Finance Company Limited, the holding company

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended 31<sup>st</sup> March, 2019.



**Cholamandalam Home Finance Limited**  
**(Formerly Cholamandalam Distribution Services Limited)**

**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:**

With an aim to promote education, CHFL funded the Mobile Science Lab (MSL). The lab is an innovative method to facilitate rural education and make hands-on education accessible. Each MSL travels to doorstep of remote schools with 200+ Hands-on science models covering a wide range of topics in Physics, Chemistry, Biology and Maths for Class 6 to 8. Reach of the Mobile Science Lab :

- A MSL can cover up to 20 schools (govt/aided) in 25Km radius
- Each child will have 6 to 8 exposure per year
- The anchoring teachers from each school will also be trained

- 2. The composition of the CSR committee:**

Ms. Sasikala Varadachari, Chairperson of the CSR Committee (Independent Director)

Mr. Arun Alagappan (Non-executive Director)

Mr. Sridharan Rangarajan (Non-Executive Director)

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

Rs. 554.18 lacs

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

Rs.11.08 lacs

- 5. Details of CSR spend during the financial year:**

Nature of Activity	Partner Entity	Amount (Rs. in lakhs)
Mobile Science lab	AMMF	11.08

a. Total amount to be spent for the financial year: 11.08 Lakhs

b. Amount unspent, if any: Nil

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)			
	Promoting education, including special education and employment		Sivagangai and Pudukkottai District	11.08	11.08	-	AMMF

**Cholamandalam Home Finance Limited**  
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enhancing vocational skills, especially among children, women and elderly and the differently abled and livelihood enhancement projects (point II of the schedule VII)						
<b>TOTAL</b>			11.08	11.08		

\* 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:**

Not applicable

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

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

**On behalf of the board**

**Place: Chennai**  
**Date: 26 April, 2019**

**Arun Alagappan**  
**Director**

**Sasikala Varadachari**  
**Chairperson - CSR Committee**

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

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Offices at : Mumbai, Bangalore, New Delhi, Cochin,  
Quilon & Calicut

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

Ref. :

26<sup>th</sup> April 2019

**INDEPENDENT AUDITORS REPORT**

**To the Members of Cholamadalam Home Finance Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **Cholamadalam Home Finance Limited** (Formerly known as Cholamadalam Distribution Services Limited) ("the Company) which comprises of Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis of Opinion**

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



### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Managements Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. Their responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



### **Auditor's Responsibility for the Audit of Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub section(11) of Section 143 of the Companies Act 2013, we give in the ANNEXURE "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by section 143(3) of the Act, we report that :
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss Account (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt within this report are in agreement with the books of account.
  - d) In our opinion, the financial statements comply with the Ind AS specified under section 133 of the Act.



- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on records by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a director under sub-section (2) of section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our Separate report in ANNEXURE "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act,  
In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its Directors during the year.
- h) With respect to other matters to be included in the auditor's report in accordance with Rule 11 of the Companies(Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations gives 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 Investors Education and Protection Fund by the Company.

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 Cholamadam Home Finance Limited (Formerly known as Cholamadam Distribution Services Limited) (“the Company”) on the financial statements of the Company for the year ended 31<sup>st</sup> March, 2019**

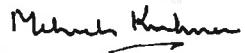
- I
- a. The Company has maintained proper records for its property plant and equipment showing full particulars including quantitative details and situation of those assets.
  - b. As per the practice followed by the Company, property plant and equipment are physically being verified every year. During the year property plant and equipment 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 31<sup>st</sup> March 2019 was Nil.
- 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, Goods and Service 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 31<sup>st</sup> March 2019 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 or Goods and Service Tax which have not been deposited on account of any dispute as at 31<sup>st</sup> March 2019.
- 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 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. Section 177 of Companies Act, 2013 is not applicable to the Company.
- 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 paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our audit report of even date to the members of Cholamadalam Home Finance Limited (Formerly known as Cholamadalam Distribution Services Limited) (“the Company”) on the financial statements of the Company for the year ended 31<sup>st</sup> March, 2019**

We have audited the internal financial controls over the financial reporting of Cholamadalam Home Finance Limited (Formerly known as Cholamadalam Distribution Services Limited) (“the Company”) as on March 31, 2019 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 and the Standards on Auditing prescribed under sections 143(10) of the Act to the extent applicable to an audit of internal financial controls. The Guidance Note and those standards 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 whether material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial controls 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 authorizations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



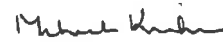
### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019 based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note.

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



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

**CHOLAMANDALAM HOME FINANCE LIMITED****(Formerly Known as Cholamandalam Distribution Services Limited)**

Registered Office : DARE HOUSE, 2, NSC Bose Road, Chennai - 600 001.

Statement of Financial Results for Three Months and Year Ended March 31, 2019

Rs in Lakhs

Particulars	Unaudited			Audited	Unaudited
	Three Months Ended 31.03.2019	Preceding Three Months Ended 31.12.2018	Corresponding Three months Ended in Previous Year 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018
1. Revenue from operations	1,215.52	982.05	213.63	3,873.37	668.06
2. Other Income	38.59	49.47	184.39	250.17	400.02
<b>3. Total Income</b>	<b>1,254.11</b>	<b>1,031.52</b>	<b>398.02</b>	<b>4,123.54</b>	<b>1,068.08</b>
<b>4. Expenses</b>					
a) Employee benefits expense	8.23	19.10	76.80	58.84	291.53
b) Depreciation and amortisation expense	48.18	0.15	4.67	49.09	18.33
c) Deputation Charges	850.13	990.08	-	3,575.09	-
d) Professional Charges	1.39	520.95	-	1,434.35	6.97
e) Other expenses	24.07	17.01	45.87	58.74	155.00
<b>Total expenses</b>	<b>932.00</b>	<b>1,547.29</b>	<b>127.34</b>	<b>5,176.11</b>	<b>471.83</b>
<b>5. Profit / ( Loss ) before Tax</b>	<b>322.11</b>	<b>(515.77)</b>	<b>270.68</b>	<b>(1,052.57)</b>	<b>596.25</b>
<b>6 .Tax Expenses</b>	(291.54)	0.44	63.00	(290.57)	167.35
<b>7 . Profit / ( Loss ) After Tax</b>	<b>613.65</b>	<b>(516.21)</b>	<b>207.67</b>	<b>(762.00)</b>	<b>428.90</b>
<b>8. Other Comprehensive Income / (Loss)</b>					
Items that will not be reclassified to Profit or Loss					
(i) Remeasurement of the defined benefit liabilities / assets (net)	(3.64)	-	(0.26)	(3.64)	(0.64)
(ii) Fair value of Equity Instruments through other comprehensive Income	(19.87)	(161.50)	(281.80)	(524.40)	278.84
(iii) Income tax relating to items that will not be reclassified to Profit or Loss	17.51	(68.23)	0.33	19.93	(2.72)
<b>Other Comprehensive Income / (Loss) Total</b>	<b>(6.00)</b>	<b>(229.73)</b>	<b>(281.73)</b>	<b>(508.11)</b>	<b>275.48</b>
<b>9. Total Comprehensive Income / (Loss)</b>	<b>607.65</b>	<b>(745.94)</b>	<b>(74.06)</b>	<b>(1,270.11)</b>	<b>704.38</b>
10. Paid-up equity share capital (Rs.10/- per share)	4,240	4,240	4,240	4,240	4,240
11. Earnings Per Share(of Rs.10/- each)					
(i) Basic (In Rs.)	1.45	(1.22)	0.49	(1.80)	1.01
(ii) Diluted (In Rs.)	1.45	(1.22)	0.49	(1.80)	1.01

**Notes:**

1. The statement of unaudited financial results for the Three months and audited financial results for the Year Ended March 31, 2019 has been reviewed by the audit committee and approved by the Board of Directors at their meeting held on April 26, 2019. The unaudited financial results for the three months have been subjected to a limited review by the statutory auditor of the Company.

2. The Company has adopted the Indian Accounting Standards (Ind AS) from 1st April 2018 and these financial results have been prepared in accordance with the Companies ( Indian Accounting Standards) Rules, 2015 ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The format of unaudited three months and audited year ended March 31, 2019 as prescribed by SEBI's Circular CIR/CFD/CMD/15/2015 dated 30th November 2015 has been modified to comply with the requirements of SEBI circular dated 5th July 2016, Ind AS and Schedule III to the Companies Act, 2013. The statement of unaudited financial results for the three months has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 " Interim Financial Reporting" ("Ind AS 34").

Place : Chennai  
Date: April 26, 2019

For Cholamandalam Home Finance Limited  
Arum Alagappan  
Director

Arulselvan. D  
Chief Financial Officer

**CHOLAMANDALAM HOME FINANCE LIMITED**  
(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)  
U65100TN2000PLC045617

Balance Sheet as at 31st March 2019

(All amounts are in Indian rupees unless otherwise stated)

Notes	As at 31-Mar-2019	As at 31-Mar-2018	As at 1-Apr -2017	
<b>ASSETS</b>				
<b>-Non-Current Assets</b>				
Property Plant and Equipment	4	16,573,354	363,097	2,283,233
Intangible Assets	5	19,035,952	-	1,738,281
Intangible Assets Under Development	5	2,652,400	-	-
<b>Financial Assets</b>				
(a) Investments	6	123,080,435	177,837,264	162,784,267
(b) Other Financial Assets	7	360,000	-	-
Deferred Tax Assets (net)	8	46,743,473	15,554,792	18,541,356
Other Non-Current Assets	9	40,986,217	12,029,635	17,530,699
		<b>249,431,831</b>	<b>205,784,788</b>	<b>202,877,836</b>
<b>Current Assets</b>				
<b>Financial Assets</b>				
(a) Trade Receivables	10	61,573,291	5,072,909	2,631,198
(b) Cash and Cash Equivalents	11	217,723,139	441,911,339	2,507,998
(c) Investment	12	2,002,163	7,012,129	1,500,448
(d) Other Financial Assets	13	4,306,543	3,135,132	386,651,201
Current Tax Assets	14	36,581,524	-	-
Other Current Assets	15	675,005	327,298	473,563
		<b>322,861,665</b>	<b>457,458,807</b>	<b>393,764,408</b>
<b>Total Assets</b>		<b>572,293,496</b>	<b>663,243,595</b>	<b>596,642,244</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	16	424,000,000	424,000,000	424,000,000
Other Equity	17	106,897,641	233,909,052	163,470,375
<b>Total Equity</b>		<b>530,897,641</b>	<b>657,909,052</b>	<b>587,470,375</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(a) Trade Payables				
- Total Outstanding dues of MSME	18	-	-	-
- Total Outstanding dues of Creditors other than MSME	18	28,539,524	1,715,560	3,249,862
(b) Other Financial Liabilities	19	401,786	-	-
Short Term Provisions	20	-	270,961	1,864,404
Current Tax Liabilities	21	-	81,222	1,413,305
Other Current Liabilities	22	12,454,545	3,266,800	2,644,298
		<b>41,395,855</b>	<b>5,334,543</b>	<b>9,171,869</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>572,293,496</b>	<b>663,243,595</b>	<b>596,642,244</b>

**TOTAL EQUITY AND LIABILITIES**

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: 0027835

Mahesh Krishnan  
Partner

Membership No: 206520



For and on behalf of the Board of Directors

Sasikala Varadachari  
Chairperson  
DIN 07132398

Arun Alagappan  
Director  
DIN 00291361

Arulselvan. D  
Chief Financial Officer

P.Sujatha  
Company Secretary

Place: Chennai

Date : April 26, 2019

**CHOLAMANDALAM HOME FINANCE LIMITED**  
(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)  
U65100TN2000PLC045617  
Statement of Profit and Loss for the Year Ended March 31, 2019  
(All amounts are in Indian rupees unless otherwise stated)

	Notes	Year Ended 31-March-2019	Year Ended 31-Mar-2018
<b>Revenue from Operations</b>			
Revenue from Operations	23	387,337,464	66,805,656
Other Income	24	25,016,604	40,001,759
<b>Total Income</b>		<b>412,354,068</b>	<b>106,807,415</b>
<b>Expenses</b>			
Employee Benefits Expense	25	5,884,426	29,152,914
Depreciation and Amortisation Expense	26	4,909,219	1,833,479
Deputation Charges		357,508,773	-
Professional Charges		143,434,563	696,690
Other Expenses	27	5,874,411	15,499,844
<b>Total Expense</b>		<b>517,611,392</b>	<b>47,182,927</b>
<b>Profit/ (Loss) Before Tax</b>		<b>(105,257,324)</b>	<b>59,624,488</b>
<b>Income Tax</b>			
- Current Year		-	13,239,074
- Adjustment of tax relating to earlier years		-	174,858
- Deferred Tax (Net)		(29,057,388)	339,348
MAT Credit Adjustments		-	-
- Current Year		-	3,119,481
- Prior Years		-	(138,174)
		<b>(29,057,388)</b>	<b>16,734,587</b>
<b>Profit / (Loss) for the year (I)</b>		<b>(76,199,936)</b>	<b>42,889,901</b>
<b>Other Comprehensive income:</b>			
<b>Items not to be reclassified to profit or loss</b>			
Re-measurement gains and (losses) on defined benefit obligations (net)		-502,327	-88,042
Income Tax Effect of above item		138,391	24,256
		<b>-363,936</b>	<b>-63,786</b>
Net loss/gain in Fair value in Equity Instruments		-52,440,440	27,884,331
Income Tax Effect of above item		1,992,902	-271,768
	29	<b>-50,447,538</b>	<b>27,612,563</b>
<b>Other comprehensive income/(loss) for the year, net of tax (II)</b>		<b>(50,811,474)</b>	<b>27,548,777</b>
<b>Total comprehensive income/ (loss) for the year, net of tax (I + II)</b>		<b>(127,011,410)</b>	<b>70,438,679</b>
<b>Earnings per Equity Share of Rs. 10 each</b>			
Basic		(1.80)	1.01
Diluted		(1.80)	1.01
Total No of Shares (Basic)		42,400,000	42,400,000
Total No of Shares (Diluted)		42,400,000	42,400,000

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: 0027855

Mahesh Krishnan  
Partner  
Membership No: 206520



For and on behalf of the Board of Directors

Sasikala Varadachari  
Chairperson  
DIN 07132398

Arun Agappan  
Director  
DIN 00291361

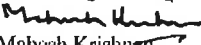
Arulselvan. D  
Chief Financial Officer

P. Sujatha  
Company Secretary

Place: Chennai  
Date : April 26, 2019

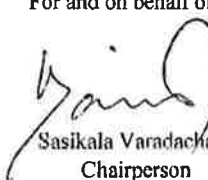
**CHOLAMANDALAM HOME FINANCE LIMITED**  
(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)  
U65100TN2000PLC045617  
**STATEMENT OF CASH FLOW**  
*(All amounts are in Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2019	Year Ended 31-Mar-2018
<b>A. Cash Flow from Operating Activities:</b>		
- Profit Before Tax	-105,257,324	59,624,488
Adjustments for :		
Amortisation of Intangible assets	554,562	863,330
Depreciation on tangible assets	4,354,657	970,149
(Profit) / Loss on Sale of Property plant & equipment	75,525	-455,840
Remeasurement gains and losses on defined benefit obligations	-502,327	-88,042
Finance Income (Including Fair Value changes in Financial Instruments)	-2,163	-12,129
Provision for Claw back	-	704,385
Profit on Sale of Current Investments	-595,078	-549,874
Interest Income	-24,419,363	-28,604,786
<b>Operating Profit before Working Capital / Other Changes</b>	<b>-125,791,513</b>	<b>32,451,680</b>
Adjustments for :		
Increase / (Decrease) in Provisions, gratuity	-270,961	-2,297,828
Increase / (Decrease) in trade and other payables	26,823,964	-3,753,214
Increase in Other current Liabilities	9,589,531	2,841,414
Decrease / (Increase) in financials assets	422,686	5,501,065
Decrease / (Increase) in Other financial and current assets (Short term)	-29,664,289	-1,103,348
Increase in trade and other receivables	-56,500,382	-2,441,711
<b>Cash Generated From Operations</b>	<b>-175,390,964</b>	<b>31,198,057</b>
Income tax paid	-36,662,746	-15,327,618
<b>Net Cash Flow from Operating Activities</b>	<b>-212,053,710</b>	<b>15,870,438</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Property plant and Equipment (Including Capital Work In Progress)	-43,065,113	-889,465
Purchase of Current investment	-56,000,000	-86,084,236
Proceeds from Sale of Property plant and equipment	181,764	3,170,243
Proceeds from sale of Current Investment	61,607,205	93,965,893
Intercorporate Deposits (Net)	-	385,000,000
Proceeds from sale of Non Current Investment	595,851	-
Interest Income	24,545,803	28,370,468
<b>Net Cash Used in Investing Activities</b>	<b>-12,134,490</b>	<b>423,532,903</b>
<b>C. Cash Flow from Financing Activities:</b>		
<b>Net Increase in Cash and Cash Equivalents [A+B+C]</b>	<b>-224,188,200</b>	<b>439,403,341</b>
<b>Net foreign exchange difference</b>		
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>441,911,339</b>	<b>2,507,998</b>
<b>Cash and Cash Equivalents as at End of the Year</b>	<b>217,723,139</b>	<b>441,911,339</b>
Reconciliation of Cash and Cash Equivalents with the Balance sheet:		
Cash and Cash Equivalents at the Beginning of the Year ( Refer Note 11)	441,911,339	2,507,998
Less : Deposits with maturity period exceeding 3 months	-	-
<b>Net Cash and Cash equivalents</b>	<b>217,723,139</b>	<b>441,911,339</b>

In terms of our report attached  
For R.G.N. Price & Co.  
Chartered Accountants  
Firm's Registration No: 002785S  
  
Mahesh Krishnan  
Partner  
Membership No: 206520



For and on behalf of the Board of Directors

  
Sasikala Varadachari  
Chairperson  
DIN 07132398

  
Arun Alagappan  
Director  
DIN 00291361

Place: Chennai  
Date : April 26, 2019

  
Arulselvan. D  
Chief Financial Officer

  
P.Sujatha  
Company Secretary



**CHOLAMANDALAM HOME FINANCE LIMITED**  
 (Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)  
 Notes Forming Part of the Financial Statements for the Year ended 31st March, 2019  
 (All amounts are in Indian rupees unless otherwise stated)

**Statement of Changes In Equity for the Year Ended 31st March 2019**

**A. Equity Share Capital**

As at 1st April 2017	424,000,000
Changes in Equity share Capital	-
As at 31st March 2018	424,000,000
Changes in Equity share Capital	-
As at 31st March 2019	424,000,000

**B Other Equity**

Particulars	Retained Earnings (in Rs.)	Other Comprehensive Income		Total Equity attributable to Equity holders of the Company (in Rs.)
		Changes in Fair Value of Investment (in Rs.)	Re-measurement gains and (losses) on defined benefit obligations (net)	
Balance as on 1st April, 2017	94,714,442	68,755,933		163,470,375
Profit for the period	42,889,901			42,889,901
Income tax Effect on Changes in Fair value of Investments		-271,768		-271,768
Changes in Fair Value of Long Term Investment		19,623,625		19,623,625
Sale Proceed from Non Current Investments		8,260,706		8,260,706
Remeasurement of the defined benefit obligation			-88,042	-88,042
Tax Impact on Remeasurement of defined benefit obligation			24,256	24,256
<b>Balance as on 31st March 2018</b>	<b>137,604,343</b>	<b>96,368,496</b>	<b>-63,786</b>	<b>233,909,052</b>
Balance as on 31st March 2018	137,604,343	96,368,496	-63,786	233,909,052
Profit for the period	-76,199,936			-76,199,936
Income tax Effect on Changes in Fair value of Investments		1,992,902		1,992,902
Changes in Fair Value of Long Term Investment		-51,454,526		-51,454,526
Sale Proceed from Non Current Investments		-985,914		-985,914
Remeasurement of the defined benefit obligation			-502,327	-502,327
Tax Impact on Remeasurement of defined benefit obligation			138,391	138,391
<b>Balance as on 31st March 2019</b>	<b>61,404,407</b>	<b>45,920,958</b>	<b>-427,722</b>	<b>106,897,641</b>

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

Mahesh Krishnan  
 Partner  
 Membership No: 206520



For and on behalf of the Board of Directors

Sasikala Varadachari  
 Chairperson  
 DIN 07132398

Arun Jagannathan  
 Director  
 DIN 00291361

Arulselvan D  
 Chief Financial Officer

P. Sujatha  
 Company Secretary

Place: Chennai  
 Date : April 26, 2019

**CHOLAMANDALAM HOME FINANCE LIMITED**  
**(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)**  
**Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2019**

**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**B. Financial liabilities**

**i. Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

**ii. Subsequent measurement**

Financial liabilities are measured at amortised cost at the end of subsequent reporting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**iii. De – recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.17 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.

**3.18 Operating Cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

**3.19 Standards Issued but not yet effective**

The Standard Ind AS-116 "Leases" is effective being annual periods beginning on or after 01st April 2019. The effect on the financial statements is being evaluated by the Company.



**CHOLAMANDALAM HOME FINANCE LIMITED**  
**(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)**  
**Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2019**

**1. Corporate Information**

Cholamandalam Home Finance Limited (formerly known as Cholamandalam Distribution Services Limited)- known as 'the Company' is a wholly-owned subsidiary of the Cholamandalam Investment and Finance Company Limited, a constituent company of Murugappa Group, domiciled in India. The registered office of the Company is located at Chennai, Tamil Nadu.

The Company is a corporate agent of IRDA for life and general insurance business. The Company has made an application to National Housing Bank (NHB) for registration as a Housing Finance Company in June 18 and is awaiting approval.

**2 . Basis of Preparation**

**(a) Preparation and compliance with IND AS**

The financial statements up to and including the year ended 31 March 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting standard) rules, 2006 (as amended) and other relevant provisions of the Act, have now been reinstated as per IND AS. These financial statements for the year ended 31st March 2019 are the first financial statements of the Company under IND AS.

**(b) Historical Cost Convention**

The Financial Statement have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period

The Financial Statements of the Company are presented in Indian Rupees (INR) and all values are rounded to the nearest Rupees.

**(c) Current/ Non current classification**

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 realized 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.

**3. Significant Accounting Policies**

**3.1. Use of Estimates**

The preparation of financial statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods and if material, their effects are disclosed in the notes to the financial statements.

**3.2 Significant estimates and judgement**

The areas involving significant estimates and judgements are

- (i) Defined benefit obligation
- (ii) Clawback Provision
- (iii) Useful life

**3.3 Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

**3.4 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**3.5 Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any.

Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the property plant and equipment and borrowing cost if capitalisation criteria are met but excludes duties and taxes that are recoverable from tax authorities.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.



**CHOLAMANDALAM HOME FINANCE LIMITED**  
**(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)**  
**Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2019**

**Transition to IND AS**

The Company has elected to adopt the carrying value of Property, Plant and Equipment under the Indian GAAP as on 1st April 2017, as the deemed cost for the purpose of transition to IND AS.

**3.6 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.

**3.7 Depreciation and Amortisation**

The Company depreciates property plant and equipment over the year estimated useful lives using the straight line methods. The estimated useful lives of the assets are as follows:

Description of Assets	Useful life and Basis of Depreciation/Amortisation
Computers	3 Years
Office Equipment	5 Years
Vehicles *	5 Years
Computer Software *	3 Years
Furniture and Fittings *	5 Years

\* The assets mentioned above are depreciated based on the Company's estimate of their useful lives taking into consideration technical factors such as product life cycle, durability based on use extra. Hence the useful lives of these assets is different from the useful lives prescribed under Schedule II of the Companies Act 2013.

Improvement to Leasehold premises are amortised over a period of 5 years which is as per management estimates.

Individual Fixed Assets whose actual cost does not exceed Rs.5000/- are fully depreciated in the year of acquisition considering the nature and usage pattern of these assets, depreciation is provided pro-rata from the month of Capitalisation.

**3.8 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 recognized, 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.

**3.9 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

- Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 — inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — inputs that are unobservable for the asset or liability



**CHOLAMANDALAM HOME FINANCE LIMITED**  
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**Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2019**

**3.10 Revenue Recognition**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fairvalue of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The company recognizes revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: recognize revenue when (or as) the company satisfies a performance obligation.

Interest income from a financial asset is recognised using effective interest rate method.

Dividend income is accounted for when the right to receive it is established, which is generally when shareholders approve the dividend.

**3.11 Operating Lease**

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

**3.12 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 recognized in the Other Comprehensive Income 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.

**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.

**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.

**3.13 Taxes on Income**

The tax expense for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity.

**CHOLAMANDALAM HOME FINANCE LIMITED**  
**(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)**  
**Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2019**

**i) Current tax**

Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

**ii) Deferred tax**

Deferred Tax Represents the effect of temporary difference between carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in the computation of taxable income.

Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred Tax Asset is recognized for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against such deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

**(iii) Minimum Alternative Tax (MAT)**

Deferred tax assets include MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilized. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**(iv) Goods and Service Tax ( GST) Input Credit**

Expenses and assets are recognized net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item.

**3.14 Provisions and Contingencies**

A provision is recognized when an enterprise has a present obligation (legal or constructive) as a result of past event; 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 determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are not recognised, however, disclosed in financial statement when inflow of economic benefits is probable.

**3.15 Earnings Per Share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



**CHOLAMANDALAM HOME FINANCE LIMITED**  
**(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)**  
**Notes Forming Part of the Financial Statements for the Year Ended 31st March, 2019**

**3.16 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of

**A. Financial assets**

**i. Initial recognition and measurement**

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**ii. Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

**a. Financial assets measured at amortised cost**

A financial asset is measured at amortised cost if it is held within a business model whose objectives is to hold the assets in order to collect contractual cash flows and the contractual terms of the financial assets give raise on the specified date to the cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b. Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)**

A financial assets is measured at FVTOCI if it is held within a business model whose objectives is to achieved by both collecting contractual cash flows and selling financials assets and the contractual terms of the financial assets give raise on the specified date to the cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c. Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)**

A financial asset which is not classified in any of the above categories are measured at FVTPL

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
2. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:**

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for classification as at amortised cost or as fair value through other comprehensive income (FVTOCI), is classified as FVTPL.

**Equity investments**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.



**CHOLAMANDALAM HOME FINANCE LIMITED**  
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**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**B. Financial liabilities**

**i. Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

**ii. Subsequent measurement**

Financial liabilities are measured at amortised cost at the end of subsequent reporting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

**iii. De – recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.17 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.

**3.18 Operating Cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

**3.19 Standards Issued but not yet effective**

The Standard Ind AS-116 "Leases" is effective being annual periods beginning on or after 01st April 2019. The effect on the financial statements is being evaluated by the Company.





**CHOLAMANDALAM HOME FINANCE LIMITED**

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Note 4 & 5- Property Plant & Equipment and Intangible Assets

	Property Plant and Equipment						Intangible Assets **	
	Computer	Office Equipment	Furniture & Fixtures	Improvement to Lease Hold Premises	Vehicles	Total	Computer Software	Intangible Assets Under Development
<b>Cost</b>								
At 1 April 2017 (Deemed Cost)	1,619,215	40,046	-	-	623,972	2,283,233	1,738,281	-
Additions	213,585	-	-	-	675,880	889,465	-	-
Disposals	-1,109,555	-12,233	-	-	-717,664	-1,839,452	-874,951	-
<b>At 31 March 2018</b>	<b>723,245</b>	<b>27,813</b>	<b>-</b>	<b>-</b>	<b>582,188</b>	<b>1,333,246</b>	<b>863,330</b>	<b>-</b>
Additions	7,190,000	3,031,799	3,859,902	6,740,498	-	20,822,199	19,590,514	2,652,400
Disposals	-	-27,813	-	-	-582,188	-610,001	-	-
<b>At 31st March 2019</b>	<b>7,913,245</b>	<b>3,031,799</b>	<b>3,859,902</b>	<b>6,740,498</b>	<b>-</b>	<b>21,545,444</b>	<b>20,453,844</b>	<b>2,652,400</b>
<b>Depreciation &amp; Amortisation</b>								
<b>At 1 April 2017</b>								
Depreciation for the Year	697,572	18,201	-	-	254,376	970,149	863,330	-
Disposals	-	-	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>697,572</b>	<b>18,201</b>	<b>-</b>	<b>-</b>	<b>254,376</b>	<b>970,149</b>	<b>863,330</b>	<b>-</b>
Depreciation charge for the year	279,242	875,991	1,988,417	1,132,713	78,295	4,354,658	554,562	-
Disposals	-	-20,046	-	-	-332,671	-352,717	-	-
<b>At 31st March 2019</b>	<b>976,814</b>	<b>874,146</b>	<b>1,988,417</b>	<b>1,132,713</b>	<b>-</b>	<b>4,972,090</b>	<b>1,417,892</b>	<b>-</b>
<b>Net book value</b>								
At 31st March 2019	6,936,431	2,157,653	1,871,485	5,607,785	-	16,573,354	19,035,952	2,652,400
At 31 March 2018	6,936,431	2,157,653	1,871,485	5,607,785	-	16,573,354	19,035,952	2,652,400
At 1st April 2017	25,673	9,612	-	-	327,812	363,097	-	-
At 1st April 2017	1,619,215	40,046	-	-	623,972	2,283,233	1,738,281	-

\*\*Other than Internally Generated



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**Note 5B - Deemed Cost as at 1st April 2017**

As at 1st April 2017	Property Plant and Equipment				Total	Intangible Assets	
	Computer	Office Equipment	Furniture & Fixtures	Vehicles		Computer	Software
Gross Block	5,127,555	435,404	95,500	1,219,700	6,878,159		8,403,112
Accumulated Depreciation	3,508,340	395,358	95,500	595,728	4,594,926		6,664,831
<b>Net Block</b>	<b>1,619,215</b>	<b>40,046</b>	<b>-</b>	<b>623,972</b>	<b>2,283,233</b>		<b>1,738,281</b>



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**6 Financial Assets - Investments**

	As at 31-Mar-2019	As at 31-Mar-2018	As at 1-Apr-2017
<b>Investments</b>			
<b>Investments at Fair Value Through Other Comprehensive Income (FVTOCI):</b>			
<b>Quoted Investments - Equity Shares (Fully Paid)</b>			
Coromandel Engineering Co. Ltd. (As at April 01, 2017 - 2,500,100 Equity shares of Rs.38.85) (As at March 31, 2018 - 2,500,100 Equity Shares of Rs.47.60) (As at March 31, 2019 - 2,500,100 Equity Shares of Rs.28.60)	71,502,860	119,004,760	97,128,885
<b>Unquoted Investments</b>			
Faering Capital India Evolving Fund (As at April 01, 2017 - 38,654 Units of Rs. 1,698.54 each) (As at March 31, 2018 - 34,083 Units of Rs. 1,726.13 each) (As at March 31, 2019 - 30,781 Units of Rs. 1,675.63 each)	51,577,575	58,832,504	65,655,382
<b>Total FVTOCI investments</b>	<b>123,080,435</b>	<b>177,837,264</b>	<b>162,784,267</b>

Investments at fair valued through OCI reflect investment in quoted and unquoted equity securities.



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	As at 31-Mar-2019	As at 31-Mar-2018	As at 1-Apr-2017
<b>7 Other Financial Assets</b>			
Security Deposits	360,000	-	-
	<u>360,000</u>	<u>-</u>	<u>-</u>
<b>8 Deferred Tax Asset (net)</b>			
-Difference between depreciation as per books of accounts and the Income Tax Act, 1961	227,034	962,538	760,840
<b>Total (A)</b>	<u>227,034</u>	<u>962,538</u>	<u>760,840</u>
- Carry forward of tax Losses	29,868,273	-	-
- Provision for Compensated Absences	-	75,381	356,164
- Provision for Claw back	-	-	222,734
- Provision for Employee Benefits	-	-	37,529
<b>Total (B)</b>	<u>29,868,273</u>	<u>75,381</u>	<u>616,428</u>
<b>Deferred Tax (A+B)</b>	<u>30,095,307</u>	<u>1,037,919</u>	<u>1,377,268</u>
Tax effect on Investment Fair Value / Remeasurement of defined benefit obligation	(2,883,943)	(5,015,236)	(5,349,327)
MAT Credit Entitlement	19,532,109	19,532,109	22,513,415
<b>Deferred Tax Assets (Net)</b>	<u>46,743,473</u>	<u>15,554,792</u>	<u>18,541,356</u>

**Movement in Deferred Tax Assets(Net) \***

Particulars	Difference between depreciation as per books of accounts and the Income Tax Act, 1961	Provision for Compensated Absences	Provision for Employee Benefits	Tax effect on Investment Fair Value / Remeasurement of defined benefit obligation	Tax Losses	Provision for Claw back
At April 1, 2017	760,840	356,164	37,529	(5,349,327)	-	222,734
(Charged)/credited: to profit or loss	201,698	(280,783)	(37,529)	-	-	(222,734)
to other comprehensive income	-	-	-	334,091	-	-
<b>At March 31, 2018</b>	<u>962,538</u>	<u>75,381</u>	<u>-</u>	<u>(5,015,236)</u>	<u>-</u>	<u>-</u>
(Charged)/credited: To Profit or Loss	(735,504)	(75,381)	-	-	29,868,273	-
To Other Comprehensive Income	-	-	-	2,131,293	-	-
<b>At March 31, 2019</b>	<u>227,034</u>	<u>-</u>	<u>-</u>	<u>(2,883,943)</u>	<u>29,868,273</u>	<u>-</u>

\* Movement in Deferred Tax does not include MAT Credit Entitlement

**9. Other Non-Current Assets**

GST input credit	39,106,217	12,029,635	17,530,699
Capital Advance	1,880,000	-	-
	<u>40,986,217</u>	<u>12,029,635</u>	<u>17,530,699</u>

**10. Trade Receivables**

**Receivable from Others**

Trade Receivables considered good - Secured	-	-	-
Trade Receivables considered good - Unsecured	800,084	4,989,173	2,631,198
Trade Receivables unsecured which have significant increase in Credit Risk	-	-	-
Trade Receivables unsecured- credit impaired	-	-	-
Less: Allowances for doubtful debts	-	-	-
<b>Total receivables from others</b>	<u>800,084</u>	<u>4,989,173</u>	<u>2,631,198</u>

**Receivable from Related Parties (Refer Note 41)**

Trade Receivables considered good - Unsecured	60,773,207	83,736	-
	<u>61,573,291</u>	<u>5,072,909</u>	<u>2,631,198</u>



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<b>Note 11 - Cash and Cash Equivalents</b>	<b>As at 31-Mar-2019</b>	<b>As at 31-Mar-2018</b>	<b>As at 1-Apr-2017</b>
Cash on hand	15,000	15,000	15,000
<b>Balances with banks:</b>			
- On current accounts	7,708,139	6,896,339	2,492,998
- On Deposit Account*	210,000,000	435,000,000	-
	<b>217,723,139</b>	<b>441,911,339</b>	<b>2,507,998</b>

\* Above deposits are with original maturity of less than 3 months

**Note 12- Financial Assets - Investments**

**Quoted securities**

ICICI Prudential Liquid Fund- Growth ( As at 1st April 2017-  
6247.792 units @ Rs. 240.1565 each)

Aditya Birla Sun Life Floating Rate Fund Short Term Plan - Growth  
( As at March 19- 6,696 units @ Rs. 299.0054 each)  
( As at March 18- 30,346 units @ Rs. 231.0732 each)

	-	-	1,500,448
	2,002,163	7,012,129	-
	<b>2,002,163</b>	<b>7,012,129</b>	<b>1,500,448</b>

**Note 13 - Other Financial Assets**

Accrued - Commission income	-	2,900,814	1,651,201
Interest Accrued on Bank Deposits	107,877	234,318	-
Sale Proceeds receivable from Faering Capital	1,720,538	-	-
Inter Corporate Deposits	-	-	385,000,000
Security Deposits	2,478,128	-	-
	<b>4,306,543</b>	<b>3,135,132</b>	<b>386,651,201</b>

**Note 14 -Current Tax Assets**

Tax Deducted at Source /Advance tax (Net of Provision for  
Taxation)

	36,581,524	-	-
	<b>36,581,524</b>	<b>-</b>	<b>-</b>

**Note 15- Other current assets**

Prepaid expenses ( Includes Gratuity of Rs. 25173/- as on 31st  
March 18)

	675,005	327,298	473,563
	<b>675,005</b>	<b>327,298</b>	<b>473,563</b>



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**Note - 16 Equity Share Capital**

	As at 31-Mar-2019	As at 31-Mar-2018	As at 1-Apr-2017
<b>Authorised Capital</b>			
42,500,000 Equity Shares of Rs.10/each	425,000,000	425,000,000	425,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
42,400,000 Equity Shares of Rs.10/ each	424,000,000	424,000,000	424,000,000
	<b>424000000</b>	<b>424000000</b>	<b>424000000</b>

**a) The Reconciliation of shares capital is given below:**

	As at 31-Mar-2019 No. of Shares	As at 31-Mar-2018 No. of Shares	As at 1-Apr-2017 No. of Shares
At the beginning of the year	42,400,000	42,400,000	42,400,000
Shares Issued during the year	-	-	-
At the end of the year	<b>42,400,000</b>	<b>42,400,000</b>	<b>42,400,000</b>

**b) Terms/Rights attached to class of shares**

The Company has only one class of shares referred to as Equity Shares having a par value of Rs. 10 each. The holders of Equity Shares are entitled to one vote per share. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held by the shareholders.

**c) Shares held by the Holding company - Equity Share with voting rights**

	As at 31-Mar-2019 Nos.	As at 31-Mar-2018 Nos.	As at 1-Apr-2017 Nos.
Cholamandalam Investment and Finance Company Limited (including Shares held by its Nominees)	42,400,000	42,400,000	42,400,000

**d) Details of Shareholder(s) holding more than 5 percent of Equity Shares in the Company**

	As at 31-Mar-2019 No. of Shares	% against total number of shares	As at 31-Mar-2018 No. of Shares	% against total number of shares	As at 1-Apr-2017 No. of Shares	% against total number of shares
Cholamandalam Investment and Finance Company Limited	42,400,000	100.00%	42,400,000	100.00%	42,400,000	100.00%



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	As at 31-Mar-2019	As at 31-Mar-2018	As at 1-Apr-2017
<b>17 Other Equity</b>			
Retained earnings	61,404,407	137,604,343	94,714,442
FVTOCI reserve	45,493,234	96,304,709	68,755,933
	<b>106,897,641</b>	<b>233,909,052</b>	<b>163,470,375</b>
<b>17 (a) Retained Earnings Movement</b>			
Balance as at the beginning of the year	137,604,343	94,714,442	33,700,712
Profit / (Loss) for the year	-76,199,936	42,889,901	61,013,730
	<b>61,404,407</b>	<b>137,604,343</b>	<b>94,714,442</b>
<b>18 Trade Payables</b>			
-Due to Micro and Small Enterprises (Refer Note 34)	-	-	-
- Amount Payable to Related Party (Refer Note 41)	27,608,613	-	12,312
- Others	930,911	1,715,560	3,237,550
	<b>28,539,524</b>	<b>1,715,560</b>	<b>3,249,862</b>
<b>19 Other Financial Liabilities</b>			
Capital Creditors	401,786	-	-
	<b>401,786</b>	<b>-</b>	<b>-</b>
<b>20 Short Term Provisions</b>			
Provision for Compensated Absences ( Refer Note 36)	-	270,961	1,077,230
Provision for Gratuity ( Refer Note 39)	-	-	113,509
Provision for Claw back Commission ( Refer Note 46)	-	-	673,665
	<b>-</b>	<b>270,961</b>	<b>1,864,404</b>
<b>21 Current Tax Liabilities</b>			
Provision for tax ( Net of TDS / Advance tax)	-	81,222	1,413,305
	<b>-</b>	<b>81,222</b>	<b>1,413,305</b>
<b>Note 22 - Other current liabilities</b>			
Statutory liabilities	10,235,641	1,047,896	425,394
Advances received from Part Sales in Faering Capital	2,218,904	2,218,904	2,218,904
	<b>12,454,545</b>	<b>3,266,800</b>	<b>2,644,298</b>



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	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>23 Revenue from Operations</b>		
Commission Income	387,337,464	66,498,675
Advisory Fees	-	306,981
	<u>387,337,464</u>	<u>66,805,656</u>
<b>24 Other Income</b>		
Interest Income on:		
- Intercompany Deposits (Refer Note 41)	18,603,637	28,344,794
- Fixed Deposits	5,815,726	259,992
Profit on Sale of Current Investment	595,078	549,874
Change in the Fair Value of Current Investment	2,163	12,129
Transfer of AUM under ARN ( Refer Note 45)	-	10,379,000
Profit on Sale of PPE (Net)	-	455,840
Miscellaneous Income	-	130
	<u>25,016,604</u>	<u>40,001,759</u>
<b>25 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	5,678,109	27,016,435
Contribution to Provident and Other Funds	164,019	1,033,768
Staff Welfare Expenses	42,298	1,102,711
	<u>5,884,426</u>	<u>29,152,914</u>
<b>26 Depreciation and Amortization Expense</b>		
Depreciation of tangible assets	4,354,657	970,149
Amortisation of intangible assets	554,562	863,330
	<u>4,909,219</u>	<u>1,833,479</u>
<b>27 Other Expense</b>		
Rent (Refer Note 31)	601,035	1,340,676
Repairs and maintenance - Building	102,572	494,482
Insurance	312,380	745,802
Rates and Taxes	497,893	291,757
Travelling and Conveyance	8,172	1,221,287
Communication	55,216	584,192
Printing and Stationery	13,134	135,975
Staff Training Expenses	525,000	-
Business Development expense	36,074	231,829
Electricity Expense	40,756	788,496
Payments to Auditors:		
Audit fee	400,000	400,000
Tax audit fee	50,000	50,000
Other Services	200,000	200,000
Out of Pocket Expenses	20,000	20,000
Other Certification	145,000	25,000
Outsourced Cost	-	4,499,992
Loss on sale of Property Plant and Equipment	75,525	-
Information Technology Expenses	1,109,057	2,462,822
Expenditure on Corporate Social Responsibility (Refer Note 28 )	1,108,000	1,236,000
Provision for Claw back	-	704,385
Other Expenses	574,597	67,149
	<u>5,874,411</u>	<u>15,499,844</u>





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	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>28 Details of CSR Expenditure:</b>		
a) Gross amount required to be spent during the year	1,108,000	1,236,000
<b>(b) Amount Spent during the year:</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
(i) Education	1,108,000	-
(ii) Others	-	1,236,000
<b>Total</b>	<b>1,108,000</b>	<b>1,236,000</b>
<b>29 Other Comprehensive Income</b>		
Fair Value of Equity Instruments		
(i) Unrealised	(51,454,526)	19,623,625
(ii) Realised	(985,914)	8,260,706
(iii) Tax Impact on Fair Valuation	1,765,371	334,091
(iv) Tax Impact on Sale of Non current Investment	227,531	(605,859)
<b>Total</b>	<b>(50,447,538)</b>	<b>27,612,563</b>



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	Year ended 31st March 2019	Year ended 31st March 2018
<b>30 Tax Expense</b>		
<i>Current Tax</i>	-	13,239,074
Adjustments for Current tax of prior period	-	174,858
<b>Total</b>	<b>-</b>	<b>13,413,932</b>
<i>Deferred Tax (Net)</i>	-29,057,388	339,348
MAT Credit Adjustments	-	
- Current Year		3,119,481
- Prior Years		-138,174
<b>Total</b>	<b>-29,057,388</b>	<b>3,320,655</b>
<b>Other Comprehensive Income(OCI) section</b>		
Remeasurement of Fair value in Equity Instruments	2,131,293	-247,513
Income tax Charged in OCI	2,131,293	-247,513

**Reconciliation of tax expense and the accounting profit multiplied by tax rate:**

Particulars	31st March 2019	31st March 2018
Profit before Income Tax Expense	-105,257,324	59,624,488
Tax at the applicable tax rate of 27.82% (March 31, 2018: 27.55%)	-	16,428,037
Depreciation Differences	-	300,526
Donations and Corporate Social Responsibility	-	170,274
Employee benefit Allowances (Gratuity, EL and Bonus)	-	74,657
MAT Credit adjustment	-	-3,119,481
Others (All others not coming under the above category)	-	-614,939
<b>Tax Expense</b>	<b>-</b>	<b>13,239,074</b>



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	Year Ended 31st March 2019	Year Ended 31st March 2018
<b>31 Operating leases (as a lessee)</b>		
(i) The Company has taken certain premises under cancellable operating leases. Leases are renewable for further period on mutually agreeable terms and also include escalation clauses. Lease rentals in respect of assets taken on these operating leases are charged to the Statement of Profit and Loss as and when the expense is incurred.		
(ii) With respect to all operating leases		
Lease payments for the year relating to operating leases recognised as rent in the Statement of Profit and Loss (Refer note 27) *	1,425,143	1,340,676
Future minimum lease payments under the non-cancellable operating leases		
Not later than one year	3,801,025	-
Later than one year and not later than five years	3,326,339	-
Later than five years	-	-
* Represents rental expense excluding recovery of Rs. 824,108/- (FY 2018-19)		
<b>32 Earnings per share (EPS)</b>		
Profit after tax	-76,199,936	42,889,901
Weighted average number of equity shares outstanding during the year (Nos.)	42,400,000	42,400,000
Earnings per equity share Basic and diluted (in Rs.)	-1.80	1.01
Nominal value of each equity share (in Rs.)	-1.80	1.01

**33 Movement of Equity shares**

Weighted average number of equity shares outstanding during the year

Equity shares of the company	42,400,000	42,400,000
Add: Issue	-	-
Less: Deletion	-	-
<b>Total</b>	<b>42,400,000</b>	<b>42,400,000</b>

**34 Micro, Small and Medium Enterprises**

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 31st March 2019	As on 31st March 2018
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under the MSMED Act	-	-

**35 Segment information**

The principal business of the Company is acting as an Corporate agency of insurance products. All other activities of the Company revolve around its main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segment. The CODM evaluates the Company's performance, allocates resources based on analysis of the various performance indicators of the Company as a single unit. CODM have concluded that there is only one operating reportable segment as defined by Ind AS 108, i.e. agency service of insurance related products. All non-current assets of the Company are located in India. The Company is domiciled in India and there are no revenue from external customers.

Amount in Rs.		
Customers contributing to revenue more than 10%		
Particulars	Revenue for the year ended 2019	Revenue for the year ended 2018
Cholamandalam MS General Insurance Company Limited	382,145,377	-



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**36 Employee Benefit Obligations:**

Particulars	Compensated Absences		Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31/03/2018 *
Current	-	96,432	-	310,958
Non Current	-	174,529	-	569,445
<b>Total</b>	-	<b>270,961</b>	-	<b>880,403</b>

\* The Company has present value of obligation amounting to Rs. 8.80 Lakhs, however the fair value of plan assets is Rs. 9.05 Lakhs and net assets is disclosed under the note 15

**37 Compensated Absences:**

Details of the key Actuarial Assumptions used in the determination of the long-term compensated absences are as follows:

Particulars	31-Mar-19	31-Mar-18
<b>Key Assumptions :</b>		
Discount Rate	7.00%	7.00%
Future Salary Increase (%)	7.50%	7.50%
Expected Rate of Return on Plan Assets	7.50%	7.50%
Retirement	58 yrs	58 yrs
Attrition Rate	33.00%	33.00%

**38 Defined Contribution Plans - Provident Fund and Other Funds**

The Company makes Provident Fund, Pension Fund and Superannuation Fund Contributions for Rs.141,174/- 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.

Amount Recognised as expense in Statement of Profit & loss :

Particulars	Provident Fund and Other Fund		Super Annuation Fund	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Contributions Made *	66,103	877,116	75,071	112,086
<b>Total</b>	<b>66,103</b>	<b>877,116</b>	<b>75,071</b>	<b>112,086</b>

\* The Contribution payable to these plans by the Company are at rates specified in the rules of the Schemes.



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**39 Defined Benefit Plan - Gratuity**

Details of Actuarial Valuation :

Particulars	31-Mar-19	31-Mar-18
<b>Present Value of Defined Benefit Obligation</b>		
Balance at the beginning of the year	880,403	2,033,321
Current Service Cost	24,606	37,089
Interest Cost	61,584	134,104
change in financial assumptions	-	(9,733)
Benefits Paid	-1,286,094	-
Adjustments -Transfer of Employees	-	(1,429,418)
<b>Balance at the end of the year</b>	<b>-</b>	<b>880,403</b>
<b>Fair Value of Plan Assets</b>		
Balance at the beginning of the year	905,576	1,919,812
Investment Income	63,345	126,618
Employer's Contribution	500,000	322,625
Benefits Paid	-1,286,094	-
Employee's Contribution	-	(1,480,744)
Return on plan assets , excluding amount recognised in net interest expense	-182,826	17,265
<b>Balance at the end of the year</b>	<b>-</b>	<b>905,576</b>
<b>(Assets) and Liabilities recognized in the Balance Sheet</b>		
Liability at the End of the year	-	880,403
Fair Value of Plan Assets as at the End of the year	-	905,576
<b>Amount Recognized in the Balance Sheet ( Refer Note 15)</b>	<b>-</b>	<b>25,173</b>
<b>Expense Recognized in the Statement of Profit and Loss</b>		
Current Service Cost	24,606	37,089
Interest Cost (Net of Income)	-1,761	7,486
<b>Total Expense</b>	<b>22,845</b>	<b>44,575</b>
<b>Expense Recognized in the Statement of Other Comprehensive Income</b>		
Change in financial assumptions	-	-9,733
Experience variance (i.e. Actual experience vs assumptions)	319,501	115,040
Return on plan assets, excluding amount recognised in net interest expense	182,826	-17,265
Components of defined benefit costs recognised in other comprehensive income	<b>502,327</b>	<b>88,042</b>
<b>Actuarial Assumptions</b>		
Discount Rate	7.00%	7.00%
Expected Return on Plan Assets	7.50%	7.50%
Salary Growth Rate	7.50%	7.50%
Attrition Rate	33.00%	33.00%
Retirement	58 Years	58 Years

**Details of Actuarial Valuation**

Other disclosure:

Year	Amount in Rs.		
	Projected Benefit Obligation at the End of the year	Fair Value of Plan Assets at the End of the Year	Surplus/ (Deficit)
2018-19	-	-	-
2017-18	880,403	905,576	25,173
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)



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Experience Adjustments

Amount in Rs.

Year	Actuarial (Gain)/ Loss on Obligations	Actuarial Gain/(Loss) on Plan Asset
2018-19	319,501	-
2017-18	115,040	-
2016-17	-154,768	8,598
2015-16	-266,862	56,623
2014-15	369,036	2,353

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Estimated amount of contribution to the fund during the Year Ended March 31, 2020, as estimated by the management is Nil (Previous Year Rs.1,122/-)
- 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.

**(a) Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	31-Mar-19	31-Mar-18
Defined Benefit Obligation (Base)	-	880,403

Particulars	31-Mar-19		31-Mar-18	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	-	-	905,220	856,837
(% change compared to base due to sensitivity)	-	-	2.80%	-2.70%
Salary Growth Rate (- / + 1%)	-	-	856,587	905,016
(% change compared to base due to sensitivity)	-	-	-2.70%	2.80%
Attrition Rate (- / + 50% of attrition rates)	-	-	892,310	876,042
(% change compared to base due to sensitivity)	-	-	1.40%	-0.50%
Mortality Rate (- / + 10% of mortality rates)	-	-	880,424	880,383
(% change compared to base due to sensitivity)	-	-	0%	0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**(b) Risk Exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility**

The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to Government of India bond rate. If the return on plan asset is lower than this rate, then it will create a plan deficit.

**Changes in bond yields**

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

**Description of Risk Exposures**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to nonavailability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20,00,000).

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate

**Investment Risk:** The probability or like likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest Rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase.



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**40 Revenue From Operations:**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the Cumulative catch up method. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted and there were no contracts which were not completed as of 31st March 2018.

**Contracts with customers**

There is no other income other than those which are accounted in P&L as revenue since the Company has only commission as revenue for insurance distribution.

**Disaggregate revenue information**

The principal business of the Company is of agency service for insurance products. Since there is only commission income to the Company as revenue from operations and the CODM evaluates the performance of the company as single unit there is no disaggregation of revenue into categories to depict the nature, amount, timing and uncertainty of revenue and cash flows which are affected by economic factors.

**Contract Balances**

There is no other balances of receivables other than those referred in trade receivables. The company does not have any contract asset or contract liabilities for the reporting period.

**Performance obligation**

The Company's performance obligation is to distribute for the insurance products of the other party. The Company satisfies the performance obligation by distributing the insurance products. On satisfying the performance obligation the company receives revenue by way of commission.

**Significant Judgments In the application of the standard**

The Company is using Output method to recognize revenue. The revenue is recognized based on the premium of insurance products sold which provides a faithful depiction for opting the output method for recognizing revenue



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Note 41- Related Party Disclosures

Related Parties under IND AS 24

Ultimate Holding Company (Entity having significant influence over the Holding Company)	Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
Entity having significant influence over Ultimate Holding Company	Ambadi Investments Limited
Holding Company	Cholamandalam Investment and Finance Company Limited
Holding Company's Fellow Subsidiary	(i) Cholamandalam MS General Insurance Company Limited (ii) Parry Enterprises India Limited
Fellow Subsidiaries	(i) Cholamandalam Securities Limited (ii) White Data System India Private Limited (Upto September 30,2018)
Associate of Holding Company	White Data System India Private Limited (From October 1st 2018)
Joint Venture of Ultimate Holding Company	Cholamandalam MS Risk Services Limited

Related party relationships are as identified by the Management and relied upon by the auditors.

**Details of Related Party Transactions**

During the year the following transactions were carried out with the related parties in the ordinary course of business:

Transaction	Related Party	2018-19	2017-18
<b>Income</b>			
Interest Income	Cholamandalam Investment and Finance Company Limited	18,603,637	28,344,794
Insurance Commission	Cholamandalam MS General Insurance Company Limited	382,145,377	-
Transfer of AUM under ARN	Cholamandalam Securities Limited	-	10,379,000
Sharing of costs & service Charges	Cholamandalam Investment and Finance Company Limited	824,108	-
<b>Expenditure</b>			
Rent	Cholamandalam Investment and Finance Company Limited	-	1,459,161
Insurance Premium Paid	Cholamandalam MS General Insurance Company Limited	43,191	125,868
Reimbursement of Expenses	Cholamandalam Investment and Finance Company Limited	355,588,010	4,102,250
	Cholamandalam Securities Limited	3,297,607	763,592
<b>Others</b>			
Transfer of Assets		-	3,179,501
Transfer of Liabilities		-	6,186,633
Sale of Property Plant and Equipment	Mr. Govindarajan B ( KMP)	181,764	-
Advances / Deposits Given	Cholamandalam Investment and Finance Company Limited	4,155,000,000	435,000,000
Advances / Deposits Recovered	Cholamandalam Investment and Finance Company Limited	4,155,000,000	820,000,000
<b>Assets</b>			
Receivable	Cholamandalam Securities Limited	-	83,736
	Cholamandalam MS General Insurance Company Limited	60,773,207	-
Payable	Cholamandalam Investment and Finance Company Limited	27,608,613	-





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**b) Details of Remuneration to Key Managerial Personnel is given below**

Particulars	2018-19	2017-18
Key Managerial Personnel Remuneration		
Mr. Arulseivan D*	-	-
Ms. Sujatha P *	-	-
Mr. Govindarajan B	1,611,385	2,907,893

\* 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.

**Note A : Breakup of Employee benefit compensation :**

Particulars	2018-19	2017-18
Short term benefits	1,127,647	2,701,205
Post employment benefits	141,174	206,688
Termination Benefits	-	-
Share - based payments	-	-
	1,611,385	2,907,893



42 Fair Value Measurements

(a) Financial Instruments By Category and Hierarchy

Particulars	31st March 2019			31st March 2018			1st April 2017					
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
<b>Financial assets</b>												
At Amortised Cost												
(i) Trade receivables	61,573,291				5,072,909				2,631,198			
(ii) Cash and Cash Equivalents	217,723,139				441,911,339				2,507,998			
(iii) Other financial assets	4,666,543				3,135,132				386,651,201			
At FVTOCI												
Non Current - Investments												
- Equity instruments (Quoted)	71,502,860	71,502,860			119,004,760	119,004,760			97,128,885	97,128,885		
- Equity instruments (Unquoted)	51,577,575		51,577,575		58,832,504		58,832,504		65,655,382		65,655,382	
At FVTPL												
Current - Investment	2,002,163.00	2,002,163.00			7,012,129	7,012,129			1,500,448	1,500,448		
<b>Financial Assets</b>	<b>409,045,572</b>	<b>73,505,023</b>	<b>51,577,575</b>	-	<b>634,968,773</b>	<b>126,016,889</b>	<b>58,832,504</b>	-	<b>556,075,112</b>	<b>98,629,333</b>	<b>65,655,382</b>	-
<b>Financial liabilities</b>												
At Amortised Cost												
(i) Trade Payables	28,539,524											
(ii) Other Financial Liabilities	401,786				1,715,560				3,249,862			
<b>Total Financial Liabilities</b>	<b>28,941,310</b>	-	-	-	<b>1,715,560</b>	-	-	-	<b>3,249,862</b>	-	-	-

Hierarchy:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices or realisable price as on the date of reporting. This includes listed equity instruments that have realisable price as agreed in the share purchase agreement.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

(b) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, and other financial liabilities (current) are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



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**43. Financial Risk Management Objectives**

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Item	Primarily affected by	Risk management policies
Market risk - other price risk	Decline in value of equity instruments	Monitoring forecasts of cash flows; diversification of portfolio
Credit risk	Counterparties to financial instruments to meet contractual obligations	Counterparty credit policies and limits; arrangements with financial institutions
Liquidity risk	Fluctuations in cash flows	Preparing and monitoring forecasts of cashflows; cash management policies

**43.1 Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to

- Price risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

**43.2.1 Price Risks**

The Company is exposed to equity price risks arising from equity investments. The Company's equity investments are held for strategic rather than trading purposes.

**43.2.2 Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its financing activities, including deposits with banks.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on Trade Receivables is minimum because there is no due by debtors beyond the credit period.

**43.2.3 Liquidity Risk Management**

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2019: - Nil

Particulars	Carrying amount	up to 1 year	1-3 year	More than 3 year
Trade Payable - Non interest bearing	28,539,524	28,539,524		
Other Financial liabilities	401,786	401,786		
<b>Total</b>	<b>28,941,310</b>	<b>28,941,310</b>	-	-

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31 March 2018: - Nil

Particulars	Carrying amount	upto 1 year	1-3 year	More than 3 year
Trade Payable - Non interest bearing	1,715,560	1,715,560		
Other financial liabilities	-	-		
<b>Total</b>	<b>1,715,560</b>	<b>1,715,560</b>		

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 1st April 2017: Nil

Particulars	Carrying amount	up to 1 year	1-3 year	More than 3 year
Trade Payable - Non interest bearing	3,249,862	3,249,862		
Other financial liabilities	-	-		
<b>Total</b>	<b>3,249,862</b>	<b>3,249,862</b>		



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**Note 44. Contingent Liabilities & Capital Commitments**

Particulars	As at 31-Mar-2019	As at 31-Mar-2018	As at 1-Apr-2017
<b>I. Contingent Liabilities</b>	-	-	-
<b>II. Commitments</b>			
Intangible Assets	13,971,848	-	-
Investment Commitment on Faering Capital India Evolving Fund	1,584,236	1,584,236	3,168,472
	<b>15,556,084</b>	<b>1,584,236</b>	<b>3,168,472</b>

**Notes:**

a) The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

**45. Transfer of Assets/ Liabilities:**

During the previous year ended March 31, 2018, pursuant to a resolution passed in the meeting of the board of directors on January 25, 2018, the Company has transferred AUM under ARN license together with assets and liabilities including transfer of employees relating to Wealth Management Business excluding business related to Insurance Corporate Agency to fellow subsidiary, Cholamandalam Securities Limited(CSEC) vide a business transfer agreement (BTA) dated March 31, 2018 for consideration agreed. The details of the assets transferred to Cholamandalam Securities Limited, pursuant to the BTA is as follows :

**Transfer breakup**

Particulars	Rs. Amount
- Employee Related Other Payable	3,927,897
- Provision for Compensated Absences	880,686
- Provision for Clawback	1,378,050
<b>Total Liabilities (A)</b>	<b>6,186,633</b>
- Fixed Assets ( Including Intangible Assets)	3,093,651
- AUM under ARN	10,379,000
- Loans and Advances	85,850
<b>Total Assets (B)</b>	<b>13,558,501</b>
<b>Net Assets (B-A)</b>	<b>7,371,868</b>

**46 Changes in Provisions**

Particulars	As at April 1st 2017	Additional Provision	Utilisation/ Reversals	As at March 31,2018
Provision for Claw back	673,665	1,340,400	2,014,065	-



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**47. Details of Options opted by the Company**

The transition as at April 1, 2017 to Ind AS was carried out from previous GAAP. The exemptions and exceptions applied by

Particulars of Exemptions	Option availed by the Company
Deemed Cost	The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date.
Designation of previously recognized financial instruments	The entity has made irrevocable election to present in OCI subsequent changes in fair value of an investment in equity instrument.

**Effect of the Transition to Ind AS**

Reconciliations of the Company's balance sheets prepared under Indian GAAP and Ind AS as of April 1, 2017 and March 31, 2018 are also presented in Note 50 & 51. Reconciliations of the Company's income statements for the year ended March 31, 2017 are prepared in accordance with Indian GAAP and Ind AS in Note 52.



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**48. Profit Reconciliation**

Particulars	Rs in Lakhs	
	Year Ended 31.03.18	
Profit as per IGAAP reported earlier	504.69	
Less : Profit on Sale of Investment in Faering Capital	-82.61	
Add: Actuarial Gain on Gratuity Expense	0.64	
Add : Loss/(Gain) on Fair valuation of current investments	0.12	
Add: Income tax effect on Investment Sale	6.06	
Total	-75.80	
<b>Net Profit after tax under Ind AS</b>	<b>428.89</b>	
<u>Other Comprehensive Income</u>		
Actuarial Loss on employee defined benefit funds	-0.64	
Effect on fair valuation of Equity Instruments	276.13	
Total Comprehensive Income under Ind AS	<b>704.39</b>	

**48.1 Equity Reconciliation**

Particulars	Year Ended	
	31.03.18	01.04.17
Net worth as per IGAAP	5,691.83	5,187.14
Add: Income tax effect on Investment Sale	6.06	
Cumulative Changes to Fair Value of Investments through OCI		
- CECL	689.80	471.04
- Faering Capital India Pvt. Ltd	330.10	270.01
Less: Tax Impact	-56.21	-53.49
Less : Profit on sale of investment in Faering Capital	-82.61	
Add: Gain on Fair valuation of current investments	0.12	0.00
Total	887.26	687.56
<b>Net Worth as per Ind AS</b>	<b>6,579.10</b>	<b>5,874.70</b>



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**49 First time adoption of Ind AS (Ind AS 101)**

**Effect of Ind AS adoption on the statement of cash flow for the year ended 31st March 2018**

<b>Particulars</b>	<b>Previous GAAP</b>	<b>Ind AS Adjustments</b>	<b>As per Ind AS</b>
Net cash flow from operating activities	15,870,438	-	15,870,438
Net cash flow from investing activities	423,532,903	-	423,532,903
Net cash flow from financing activities	-	-	-
<b>Net decrease/increase in cash and cash equivalents</b>	<b>439,403,341</b>	<b>-</b>	<b>439,403,341</b>
Cash and cash equivalents as at the beginning of the year	2,507,998	-	2,507,998
<b>Cash and cash equivalents as at the end of the year</b>	<b>441,911,339</b>	<b>-</b>	<b>441,911,339</b>



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**50. Reconciliation of Equity as on 1 April 2017 (Date of transition to Ind-AS)**

				Rs.
	Previous GAAP	Reclassification	Adjustments	Ind AS
	(as per published result)			
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property Plant and Equipment	2,283,233		-	2,283,233
Intangible assets	1,738,281		-	1,738,281
(a) Investments	88,679,008		74,105,259	162,784,267
Deferred tax assets	1,377,267	22,513,416	-5,349,327	18,541,356
Other non-current assets	40,044,115	-22,513,416		17,530,699
	<b>134,121,904</b>	<b>-</b>	<b>68,755,932</b>	<b>202,877,836</b>
<b>Current Assets</b>				
Inventories				
Financial Assets				
(a) Short Term Loans and Advances				
(b) Trade receivables	2,631,198			2,631,198
(c) Investment	1,500,000		448	1,500,448
(d) Cash and Cash Equivalents	2,507,998			2,507,998
(e) Other financial assets	385,473,563	1,177,638		386,651,201
Other current assets	1,651,201	-1,177,638		473,563
	<b>393,763,960</b>	<b>-</b>	<b>448</b>	<b>393,764,408</b>
<b>Total Assets</b>	<b>527,885,864</b>	<b>-</b>	<b>68,756,380</b>	<b>596,642,244</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	424,000,000		-	424,000,000
Other Equity	94,713,995		68,756,380	163,470,375
<b>Total Equity</b>	<b>518,713,995</b>	<b>-</b>	<b>68,756,380</b>	<b>587,470,375</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(a) Trade Payables	92,109	3,157,753		3,249,862
Short Term Provisions	3,277,709	-1,413,305		1,864,404
Current tax Liabilities	-	1,413,305		1,413,305
Other Current Liabilities	5,802,051	-3,157,753		2,644,298
<b>Total Liabilities</b>	<b>9,171,869</b>	<b>-</b>	<b>-</b>	<b>9,171,869</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>527,885,864</b>	<b>-</b>	<b>68,756,380</b>	<b>596,642,244</b>





**CHOLAMANDALAM HOME FINANCE LIMITED**  
**(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)**  
**51. Effect on IND AS Adoption on Balance Sheet As at 31st March 18**

	Previous GAAP	Reclassification	Adjustments	Ind AS
(as per published result)				
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property Plant and Equipment	363,097	-	-	363,097
Intangible assets	-	-	-	-
Financial Assets				
(a) Investments	84,108,380		93,728,884	177,837,264
(b) Other financial assets			-	-
Deferred tax assets	1,037,919	19,532,109	-5,015,236	15,554,792
Other non-current assets	31,561,744	-19,532,109		12,029,635
	<b>117,071,140</b>	<b>-</b>	<b>88,713,648</b>	<b>205,784,788</b>
<b>Current Assets</b>				
Inventories				-
Financial Assets				
(a) Short Term Loans and Advances				-
(b) Trade receivables	5,072,909			5,072,909
(c) Investment	7,000,000		12,129	7,012,129
(d) Cash and Cash Equivalents	441,911,339			441,911,339
(e) Other financial assets	3,135,132			3,135,132
Other current assets	327,298			327,298
	<b>457,446,678</b>	<b>-</b>	<b>12,129</b>	<b>457,458,807</b>
<b>Total Assets</b>	<b>574,517,818</b>	<b>-</b>	<b>88,725,778</b>	<b>663,243,595</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	424,000,000		-	424,000,000
Other Equity	145,183,266		88,725,786	233,909,052
<b>Total Equity</b>	<b>569,183,266</b>	<b>-</b>	<b>88,725,786</b>	<b>657,909,052</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
Trade Payables	91,229	1,624,332		1,715,560
Short Term Provisions	352,183	-81,222		270,961
Current tax Liabilities	-	81,222		81,222
Other Current Liabilities	4,891,140	-1,624,332		3,266,800
<b>Total Liabilities</b>	<b>5,334,552</b>	<b>-</b>	<b>-</b>	<b>5,334,543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>574,517,818</b>	<b>-</b>	<b>88,725,778</b>	<b>663,243,595</b>



**CHOLAMANDALAM HOME FINANCE LIMITED**  
(Formerly known as CHOLAMANDALAM DISTRIBUTION SERVICES LIMITED)  
**52. Reconciliation of profit or loss for the year ended 31 March 2018**

	Rs.		
	Previous GAAP	Adjustments	Ind AS
<b>Revenue from Operations</b>			
Revenue from Operations	66,805,656		66,805,656
Other Income	48,250,784	-8,249,025	40,001,759
<b>Total Income</b>	<b>115,056,440</b>	<b>-8,249,025</b>	<b>106,807,415</b>
<b>Expenses</b>			
Employee Benefits Expense	29,240,965	-88,051	29,152,914
Depreciation and Amortisation Expense	1,833,479		1,833,479
Professional Charges	696,690		696,690
Other Expenses	15,499,844		15,499,844
<b>Total Expense</b>	<b>47,270,979</b>	<b>-88,051</b>	<b>47,182,927</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>67,785,461</b>	<b>-8,160,974</b>	<b>59,624,488</b>
<b>Exceptional Items</b>			
<b>Profit Before Tax</b>	<b>67,785,461</b>	<b>-8,160,974</b>	<b>59,624,488</b>
<b>Income Tax</b>			
- Current Year	13,820,677	-581,603	13,239,074
- Adjustment of tax relating to earlier years	174,858		174,858
Deferred Tax	339,348		339,348
MAT Credit Entitlement			-
- Current Year	3,119,481		3,119,481
- Prior Years	(138,174)		-138,174
	<b>17,316,190</b>	<b>-581,603</b>	<b>16,734,586</b>
<b>Profit / (Loss) for the year (I)</b>	<b>50,469,271</b>	<b>-7,579,371</b>	<b>42,889,902</b>
<b>Other Comprehensive income:</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains and (losses) on defined benefit obligations (net)		-88,042	-88,042
Income tax effect		24,256	24,256
		-63,786	-63,786
Net loss/gain on FVTOCI equity security			
Profit on Sale of Non Current Investment		27,884,331	27,884,331
Income tax effect		-271,768	-271,768
		27,612,563	27,612,563
<b>Others (Specify nature)</b>			
Income tax effect			
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (II)</b>		<b>27,548,776</b>	<b>27,548,777</b>
<b>Total comprehensive income for the year, net o</b>	<b>50,469,271</b>	<b>19,969,408</b>	<b>70,438,679</b>



**Note 53 - Adoption of Accounts**

The Board of Directors have adopted Financial Statements on 26th April 2019

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. 007799

CHENNAI

MAHESH KRISHNAN

Partner

Membership No: 206520

CHARTERED ACCOUNTANTS

CHENNAI

MAHESH KRISHNAN

Partner

Membership No: 206520

For and on behalf of the Board of Directors

Sasikala Varadachari  
Chairperson  
DIN 07132398

Arun Alagappan  
Director  
DIN 08291361

Place: Chennai

Date : April 26, 2019

Arulselvan, D  
Chief Financial Officer

P. Sujatha  
Company Secretary