



**BUILDING  
RESILIENCE**



# Murugappa Group

Founded in 1900, the INR 381 Billion (₹38,105 Crores) Murugappa Group is one of India's leading business conglomerates. The Group has 29 businesses including ten listed Companies traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., CG Power and Industrial Solutions Ltd., Cholamandalam Financial Holdings Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Shanthi Gears Ltd., Tube Investments of India Ltd. and Wendt (India) Ltd.

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

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

For more details, visit [www.murugappa.com](http://www.murugappa.com)

## The Spirit of the Murugappa Group

The light of  
**INTEGRITY**  
that gives us the courage to  
always do the right thing

The light of  
**RESPONSIBILITY**  
that gives us the humility to  
think about the world around us

The light of  
**PASZION**  
that provides us with  
the desire to win

The light of  
**RESPECT**  
that inspires people  
around us to perform

The light of  
**QUALITY**  
which makes us  
dream of excellence

These **five lights** guide us as we navigate through professional and personal decisions.

# **BUILDING RESILIENCE**

With every challenge there comes an opportunity. Cholamandalam Financial Holdings ('CFHL') optimised the opportunity in offering simpler, faster and safer financial and risk management solutions to its customers through its subsidiary companies during the pandemic year. We helped our colleagues to adapt to changing work environment, including health and safety protocols, new collaboration tools for employees working from home and new initiatives that supported their health and wellbeing. Adoption of strategic business models, enhanced operational efficiency coupled with a robust risk management framework helped us minimise the pandemic's risks and effects. Business teams were proactive to strengthen its digital capabilities which fostered a positive customer experience. Amidst complex environment, CFHL stays resilient to deal with stressful circumstances and continues to stay strong!

## CONTENTS

### CORPORATE OVERVIEW

Corporate Information .....	02
Message from the Chairman .....	10
Board of Directors .....	12

### MANAGEMENT REPORTS

Board's Report & Management Discussion and Analysis .....	14
Report on Corporate Governance .....	28
General Shareholder Information .....	41
Business Responsibility Report .....	55

### FINANCIAL STATEMENTS

Standalone Financial Statements .....	61
Consolidated Financial Statements .....	110

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. M M Murugappan  
 Mr. Ashok Kumar Barat  
 Mr. B Ramaratnam  
 Mrs. Vasudha Sundararaman  
 Mr. Vellayan Subbiah  
 Mr. Sridharan Rangarajan

### MANAGER & CHIEF FINANCIAL OFFICER

Mr. N Ganesh

### SECRETARY

Mrs. E Krithika

### AUDITORS

M/s. S.R. Batliboi & Associates LLP  
 Chartered Accountants  
 6<sup>th</sup> Floor - 'A' Block, Tidel Park, No. 4,  
 Rajiv Gandhi Salai, Taramani, Chennai - 600 113

### REGISTERED OFFICE

'Dare House', No. 234, NSC Bose Road,  
 Chennai 600 001, Tamil Nadu  
 Phone: 044-42177770-5; Fax: 044-42110404  
 E-mail : [investorservices@cfhl.murugappa.com](mailto:investorservices@cfhl.murugappa.com)  
 Website: [www.cholafhl.com](http://www.cholafhl.com)

### CORPORATE IDENTIFICATION NUMBER

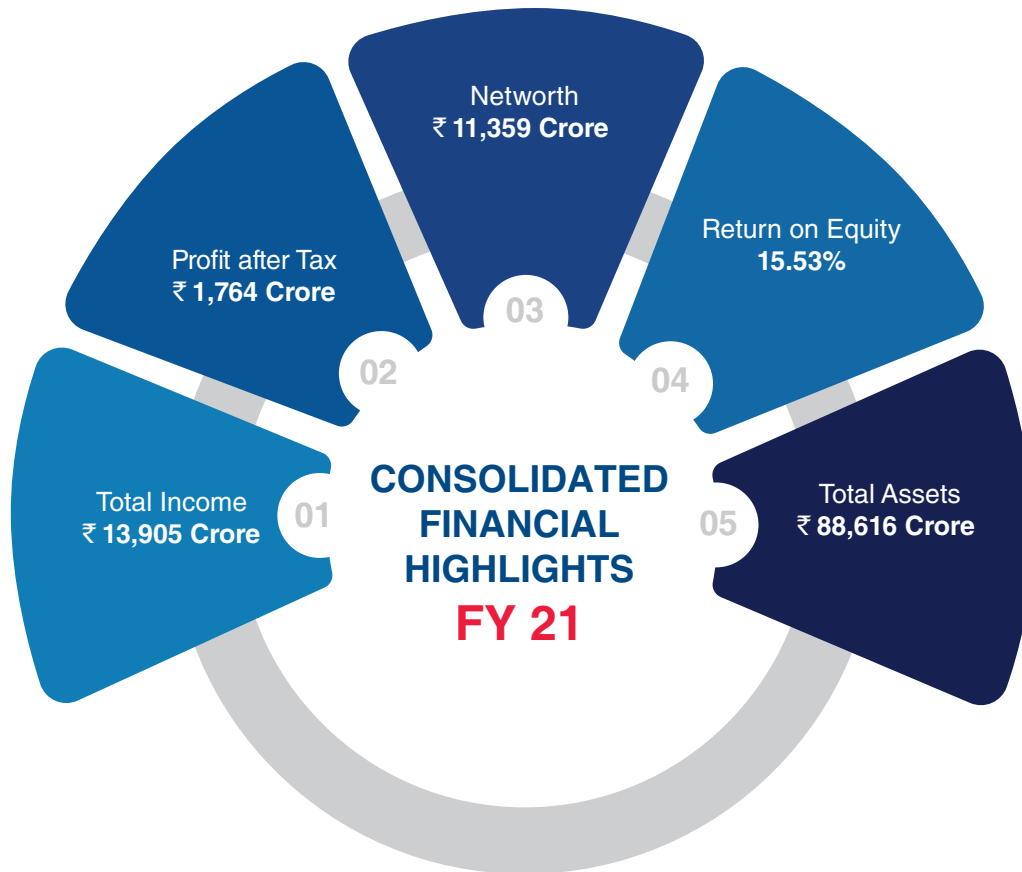
L65100TN1949PLC002905

### REGISTRAR & SHARE TRANSFER AGENT

KFIN Technologies Private Limited  
 Selenium Building, Tower - B,  
 Plot No.31 & 32, Financial District,  
 Nanakramguda, Gachibowli,  
 Hyderabad - 500032  
 Phone : 040-67162222/1680; Fax : 040-2342 0814  
 Toll free : 1800-309-4001  
 E-mail : [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
 Website : <https://www.kfintech.com/>  
 Contact Person: Mr. Rajkumar Kale, AGM

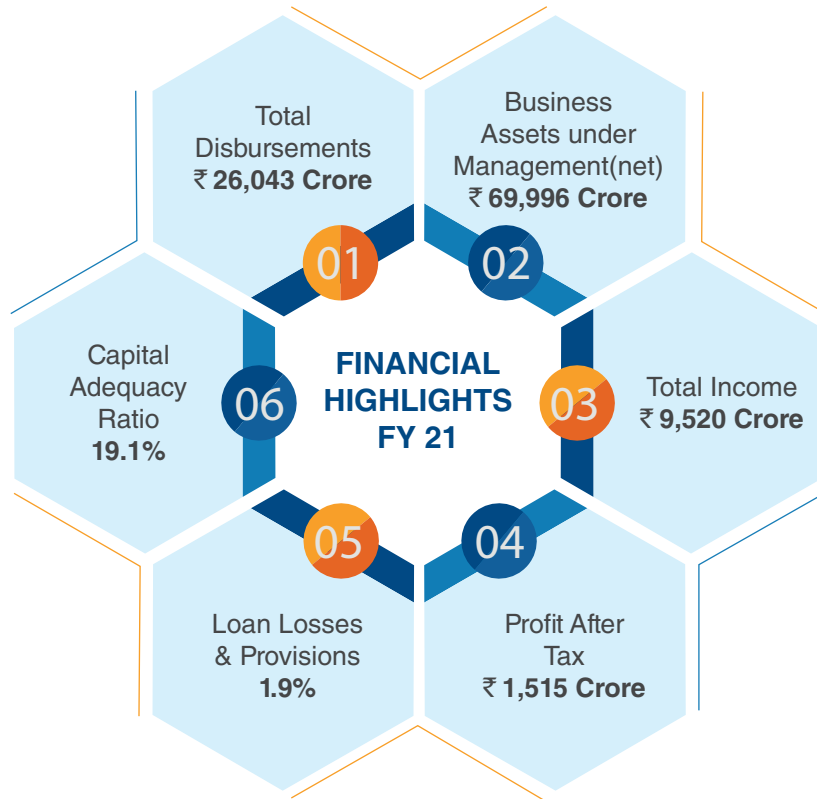
## ABOUT CHOLAMANDALAM FINANCIAL HOLDINGS

Cholamandalam Financial Holdings Limited ('CFHL') was incorporated in 1949 and is a part of the Murugappa Group, one of the most diversified business conglomerates of India. CFHL is a Core Investment Company registered with the Reserve Bank of India holding substantial investments in group companies. CFHL offers a diverse range of financial products and risk management services to individual and corporate customers through its group companies.



## SNAPSHOT OF OUR BUSINESSES

### Cholamandalam Investment and Finance Company Limited



#### Business Highlights

- Business AUM (net) and Net profit grew by 16% and 44% respectively
- Significant reduction in cost of funds – 8.50% in FY 20 to 7.6% in FY 21
- Raised US\$ 185 million through ECB on fully hedged basis
- High level of liquidity maintained through the year to ensure risk mitigation
- Implementation of Gen4 underwriting models which capture multiple variables at geo / product / asset level to drive suitable assessment of risks and enable faster decision making
- Human Resources function certified by TUV Nord the ISO 30408:2016 and ISO 9001:2015



**VEHICLE FINANCE**



**LOAN AGAINST PROPERTY**



**HOME LOANS**



**SME LOANS**



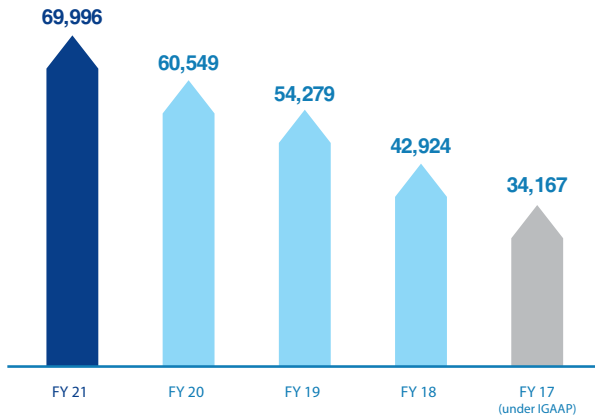
**CHOLA WEALTH**  
*Let's Grow Together*

## KEY PERFORMANCE INDICATORS

### Cholamandalam Investment and Financial Company Limited

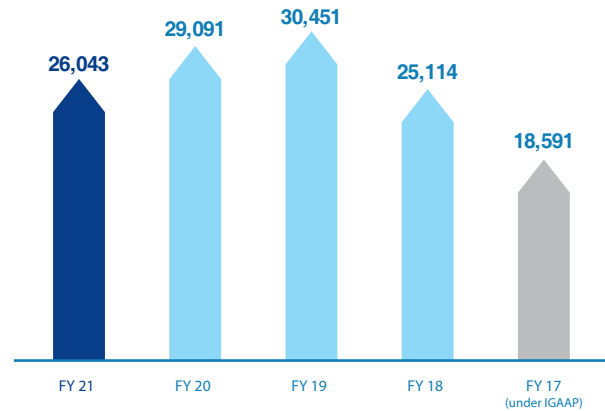
#### Business AUM

(₹ in Crore)



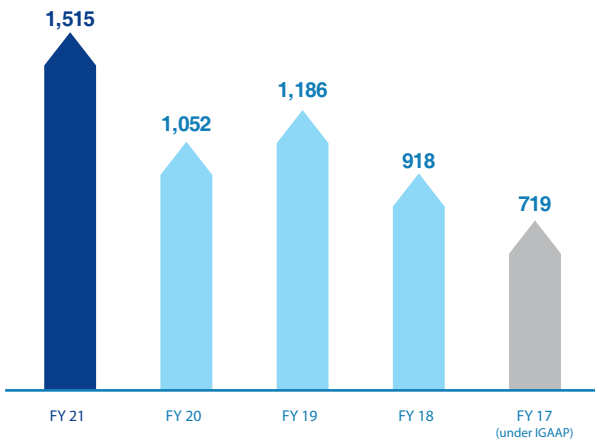
#### Disbursements

(₹ in Crore)



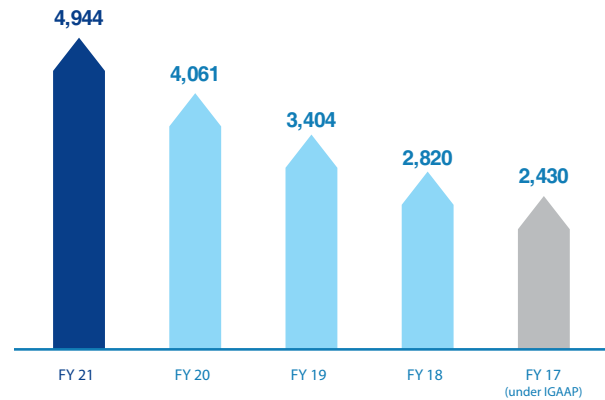
#### Profit after Tax

(₹ in Crore)



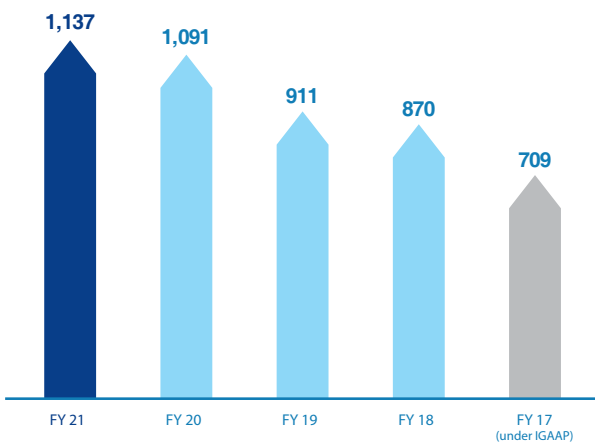
#### Net Income Margin

(₹ in Crore)



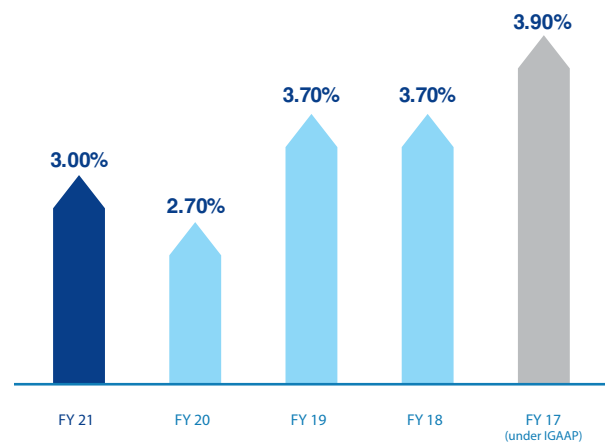
#### Branch Network

(in nos.)



#### PBT - ROTA

(in %)



Figures are as per Ind AS from FY 18 onwards and rest of the years are as per IGAAP, hence not comparable

## Cholamandalam MS General Insurance Company Limited



### Business Highlights

- Growth of property lines of business from both bancassurance and Indian commercial thus diversifying away from motor
- Diversification within motor with larger share of two wheelers, cars and tractors now reaching upto 50% of total motor volumes
- Impetus to health insurance business with new, digitized journeys for intermediaries, customers, hospitals etc.
- Addition of channel partners across PSU Banks, Gramin banks, OEMs (cars and two wheelers) and digital partners
- Continuance in industry leadership in motor own Damage claims ratio and in compromise settlements in motor third party
- Good performance of reinsurance treaties resulting in the willingness of reinsurers to enhance capacity and support
- Awards and Accolades during the year:
  - ♦ Recognized amongst Best Brands by Economic Times
  - ♦ 2021 Celent Model Insurer Award for Legacy and Ecosystem Transformation
  - ♦ Appreciation by the Government of Tamil Nadu for Crop claims management and servicing



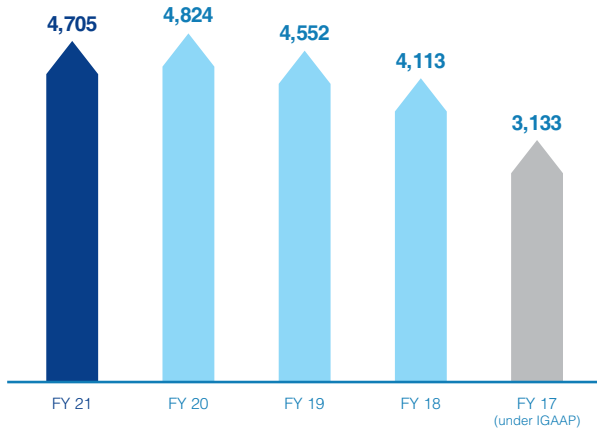


## KEY PERFORMANCE INDICATORS

### Cholamandalam MS General Insurance Company Limited

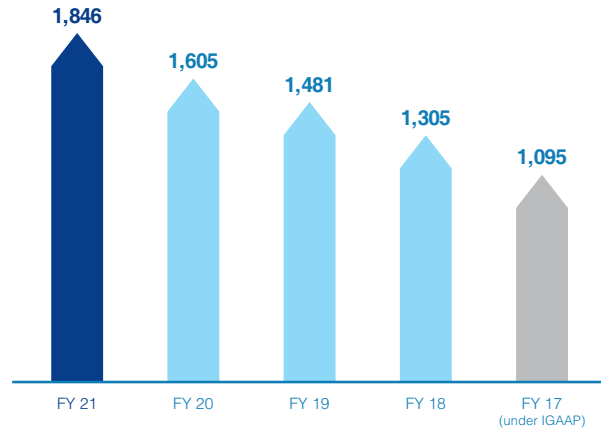
#### Gross Written Premium

(₹ in Crore)



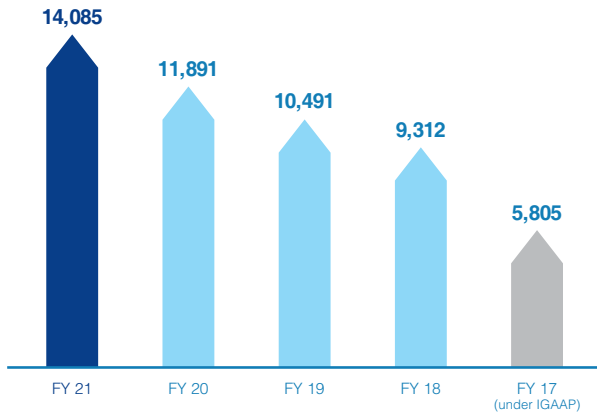
#### Net Worth

(₹ in Crore)



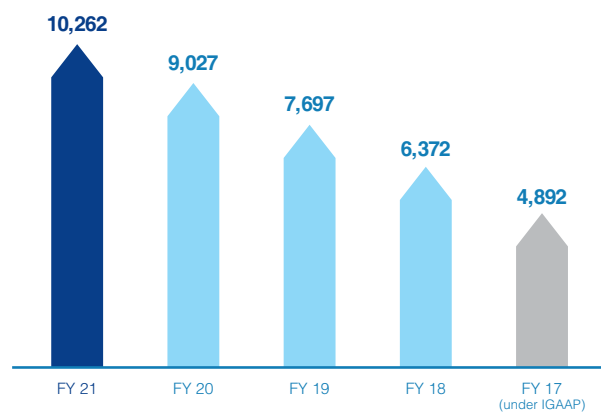
#### Total Assets

(₹ in Crore)



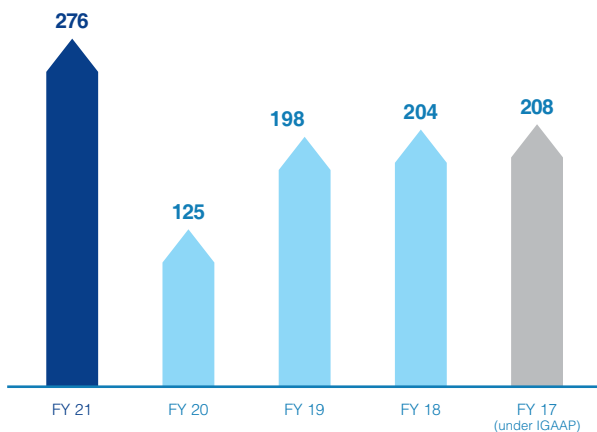
#### Investment Portfolio

(₹ in Crore)



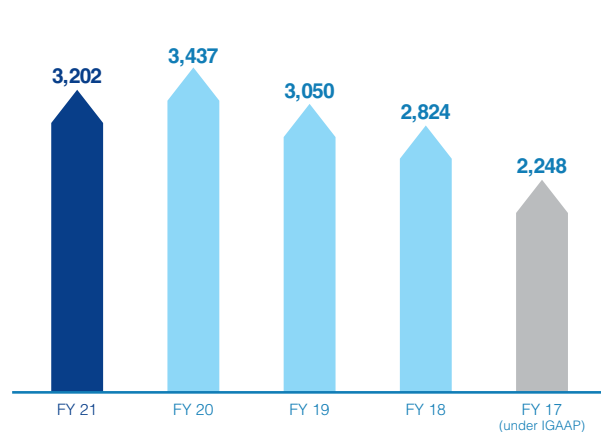
#### Profits after Tax

(₹ in Crore)



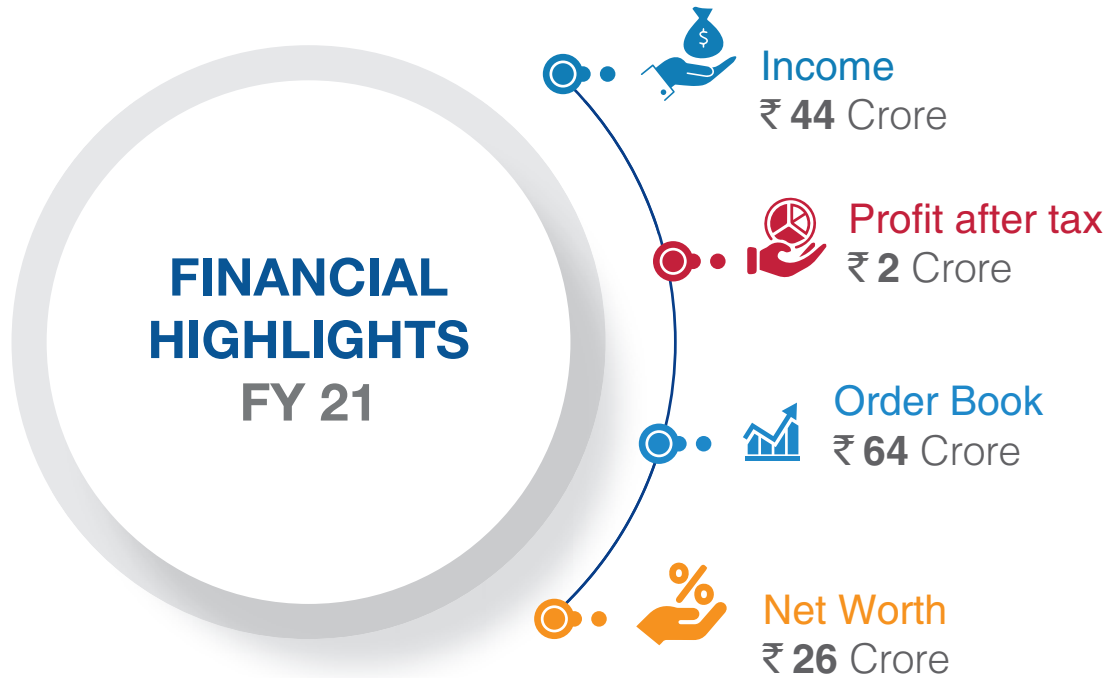
#### Net Earned Premium

(₹ in Crore)



Figures are as per Ind AS from FY 18 onwards and rest of the years are as per IGAAP, hence not comparable

## Cholamandalam MS Risk Services Limited



### Business Highlights

- Launched Digital Division - implementation of Real Wear for remote and drone based monitoring, Pro-Risk App , a web-based application to enable EHS digitalization in Construction projects etc.,
- NABET accreditation for EIA studies for 11 sectors. Obtained accreditation as Ground Water consultant organization (GWCO) under NABET Scheme
- Launch of 'EHS affairs' - a Blogging Series in LinkedIn
- Implementation of special Initiatives for preventing and managing COVID-19 for industries.



Construction  
Safety



Electrical  
Safety



Environment  
Consulting



Insurance  
Support Services



Logistics Risk  
Management



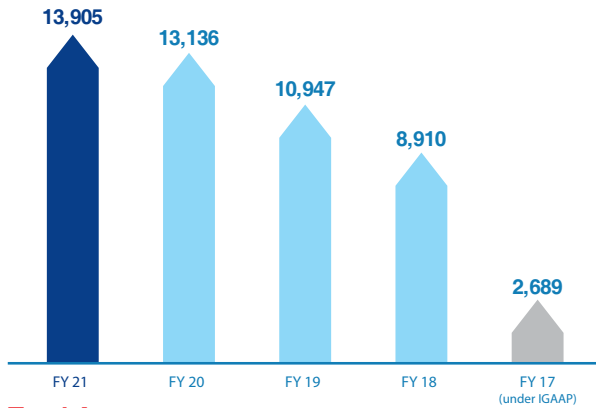
Process  
Safety

## KEY PERFORMANCE INDICATORS- CONSOLIDATED

### Cholamandalam Financial Holdings Limited

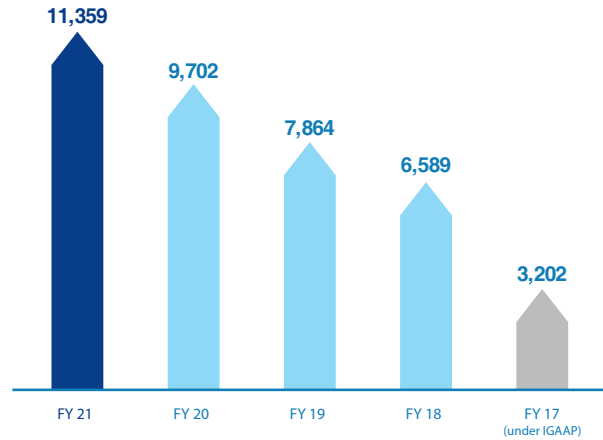
#### Total Income

(₹ in Crore)

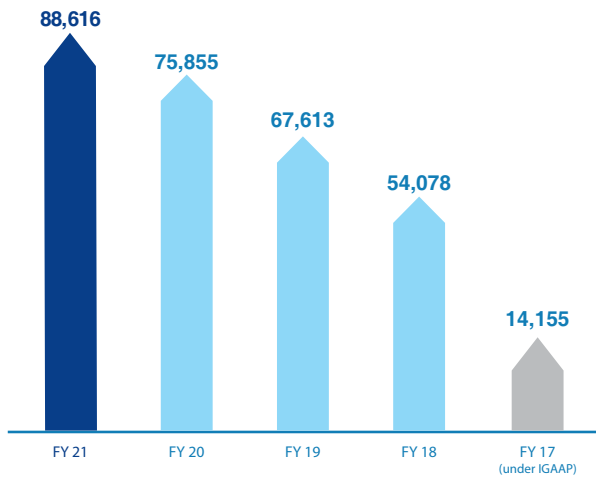


#### Networth

(₹ in Crore)

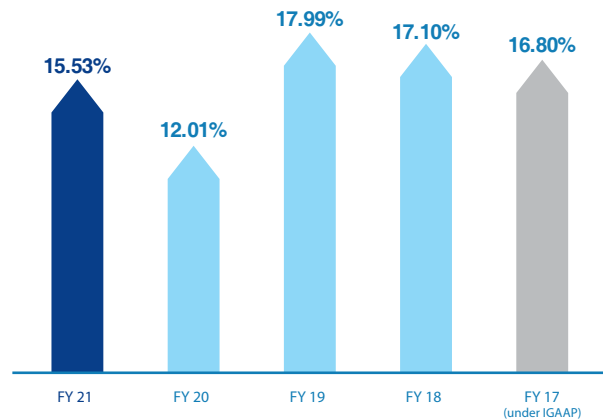


#### Total Assets



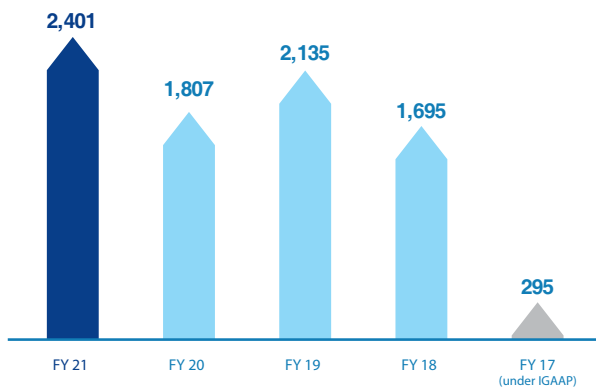
#### Return on Equity

(in %)



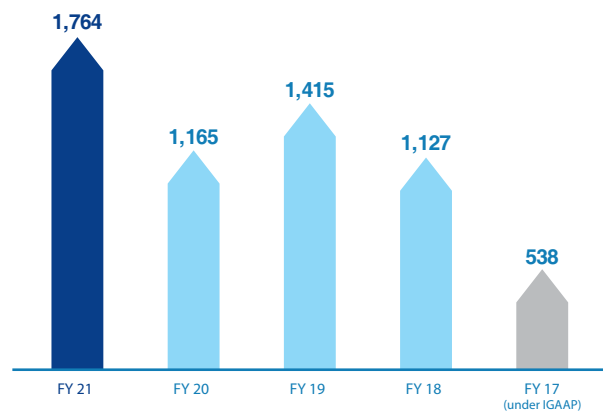
#### Profit before Tax

(₹ in Crore)



#### Profit after Tax

(₹ in Crore)



Figures are as per Ind AS from FY 18 onwards and rest of the years are as per IGAAP, hence not comparable

## ▶ MESSAGE FROM THE CHAIRMAN

*Dear Shareholders,*

First and foremost, I hope this message finds you and your family in good health. I am pleased to connect with you through this annual report and share your Company's performance during FY 21. The year that has gone by witnessed significant global political and economic developments centered around several major events including the COVID-19 pandemic, the U.S.-China trade war and the U.S. presidential election. The global economy was fraught with challenges due to the pandemic in particular, with many countries suffering immense impact. Significant reductions in income, a rise in unemployment and disruptions in the transportation, service, and manufacturing industries are among the consequences of the disease. The situation in India has been no different, as we find ourselves staring at the worst ever recession since independence. Just as the global & domestic economy showed signs of recovery that began in the third quarter of 2020, a resurgence in infectious cases in many parts of the globe renewed calls for lockdowns and curfews, threatened to weaken or delay a potential sustained economic recovery into mid to late 2021. In India, the second wave has disrupted economic recovery with major economic indicators showing signs of stress, more specifically the services sector and MSMEs.

FY 21 has been extremely challenging for the financial services industry, especially on account of the worldwide economic slowdown, coupled with stressed borrowers and a liquidity crunch in the market. After battling disruptions during the first quarter, India's non-banking financial companies grew at a slower pace in the second and third quarters of the year largely aided by the liquidity enhancing measures announced by the Government. In the insurance sector, the general insurance industry in which your Company operates registered a tepid 2% growth for the last fiscal year primarily driven by growth in health insurance and fire insurance segments even as the dominant motor and crop insurance segment declined. Fire protection insurance grew 30%, health



insurance reported a 13.5% rise, while motor and crop insurance dipped 6.2% and 3.4% respectively. A positive development during the year is the Government's initiative permitting FDI limit upto 74%.

Amidst the challenging external environment, your Company and its subsidiaries, continued to deliver consistent performance through its diversified business model during the year. In terms of consolidated financial performance, total income stood at ₹13,905 Crore and profit after tax was ₹1,764 Crore for FY 21. At standalone level, total income was ₹58 Crore and profit after tax was ₹22 Crore for the same period. The Board is pleased to recommend a dividend @ 55% for FY 21.

The NBFC subsidiary, Cholamandalam Investment and Finance Company Limited (CIFCL) closed the year with disbursements of ₹26,043 Crore and business assets

under management of ₹69,996 Crore. Profits after tax grew by 44% to ₹1,515 Crore. CIFCL had offered moratorium to its customers based on their eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company had offered resolution plans to its customers pursuant to RBI's guideline on 'Resolution framework for COVID-19 related stress'. CIFCL's liquidity position remains strong with a capital adequacy at 19.1% as at end of the year. Among the key business segments, Vehicle Finance business continues to be the major portfolio of CIFCL registering a decline of 13% on disbursement during the year primarily due to drop in industry volumes across vehicle segments caused by the pandemic. While Home Loans disbursement grew 2% year on year, disbursements in Loan against Property segment registered a marginal decline of 1% during the year.

The Gross Written Premium of our insurance subsidiary, Cholamandalam MS General Insurance Company Limited (Chola MS) largely remained flat at ₹4,705 Crore as against the industry growth of 2% and the profits after tax was ₹276 Crore during FY 21. Growth in FY 21 was impacted by the nation wide lockdown affecting economic activity for well over six months and recovery in the last few months helped the insurance business bounce back. The business achieved portfolio diversification by strong growth in property lines and also achieved mix diversification within motor lines. The COVID year also meant that we had a lot of health claims impacting our results by over ₹130 Crore. Claim settlement ratio, which is value of claims settled to the claims made, of Chola MS is 75%, which is the second best in the industry, displaying our commitment to timely and transparent claims servicing to policy holders. To meet the diverse needs of our retail customers Chola MS also distributed Covid-19 linked health products and the standard Arogya Sanjeevani products during the year.

Cholamandalam MS Risk Services, a company offering risk management solutions, strengthened its order book

by bagging few long term contracts aggregating to ₹38 Crore during the year. As a key product offering in line with the emerging environment, the business launched a digital division to explore and supplement the existing core services. The Company reported income of ₹44 Crore and profit after tax of ₹2 Crore for FY 21.

The pandemic no doubt has caused redesign of our lives in a number of ways, particularly the need for easy access to financial products and services. In alignment with customer needs and to enhance operational efficiency our technology teams continued to implement various digital initiatives. Further, a host of response measures have been established to ensure a safe and healthy environment for employees and customers.

I am indeed most grateful to our Board of Directors for their support and counsel. On behalf of the Company, I welcome Mr. Vellayan Subbiah to the Board. I am confident that Mr. Vellayan's expertise and experience in the financial services industry will be of immense benefit to the Company. Mr. V Ravichandran stepped down from the Board during the year. I would like to thank Mr. Ravichandran for his support and guidance during his tenure as a Board member.

Although uncertainty continues to cloud the economic outlook, operating conditions are expected to improve from the latter half of 2021 as the second wave subsides and vaccination levels improve. Our businesses are well positioned to sustain their growth trajectory and will continue to prioritize effective and efficient customer service.

I thank all our employees for their sincere efforts and commitment during this challenging year. I also take this opportunity to express my gratitude to all our stakeholders, customers, business partners and vendors for their continued trust and support reposed on us.

Best Wishes,  
**M M Murugappan**

## BOARD OF DIRECTORS



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

- ◆ Holds a Bachelor's degree in Chemical Engineering from the AC College of Technology, University of Madras and a Master of Science degree in Chemical Engineering from the University of Michigan, USA;
- ◆ Has over 43 years of experience in diverse areas including strategy & business development, technology and human resources;
- ◆ Is the Non-Executive Chairman of Cholamandalam MS General Insurance Company Ltd., Carborundum Universal Ltd. and Cyient Ltd.
- ◆ Served on the Board of Governors of IIT Madras, for six years till November 2011 and has enabled many industry academic partnerships. Now serves on the board of the IIT-Madras Research Park and is a mentor to many companies incubated there;
- ◆ Is a trustee of the Murugappa Group's AMM Foundation, actively involved in the development of various citizenship initiatives, particularly in education, health care, performing arts and sports;
- ◆ Has been a Non-Executive Director of the Company since November, 2017. Prior to that had served the Board of the Company as a Non-Executive Director from March, 2002 till July, 2017.

- ◆ Graduate in Commerce, a Fellow member of the Institute of Chartered Accountants of India & the Institute of Company Secretaries of India, an Associate member of the Institute of Chartered Accountants of England & Wales and CPA, Australia. Is a certified Mediator empaneled with the Ministry of Corporate Affairs, Government of India;
- ◆ Has long and distinguished executive career in the corporate sector until retirement in 2016 as the Managing Director and Chief Executive Officer of Forbes & Company Limited. Has held leadership positions in various Indian and multinational organizations, both in India and overseas - Hindustan Lever Ltd., RPG Group, Pepsi, Electrolux, Telstra and Heinz;
- ◆ Is a director on the Boards of Cholamandalam Investment and Finance Company Ltd., Bata Ltd., Birlasoft Ltd., Mahindra Intertrade Ltd., DCB Bank Ltd. and Huhtamaki India Ltd. Is a member of Managing Committee of ASSOCHAM.
- ◆ Is the past President of the Bombay Chamber of Commerce and Industry and The Council of EU Chambers of Commerce in India;
- ◆ Joined the Company's Board in August, 2018.



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



**Mr. B Ramaratnam**  
(66 years)  
DIN: 07525213  
Independent Director

- ◆ Graduated from the University of Mumbai and is a member of the Institute of Chartered Accountants of India;
- ◆ Has experience in the areas of statutory and internal audit, due diligence, SOX compliance and other professional services;
- ◆ Has worked for PricewaterhouseCoopers, A. F. Ferguson and Deloitte Haskins & Sells where he was a partner till 2015;
- ◆ During his long career, has serviced national and multinational clients from diverse sectors such as manufacturing, trading, software, time-share, real estate, financial services, pharma, engineering, construction, services etc.
- ◆ Is a Board member of Redington (India) Ltd.
- ◆ Joined the Company's Board in March, 2019.

## BOARD OF DIRECTORS



**Mrs. Vasudha Sundararaman**  
(63 years)  
DIN: 06609400  
Independent Director

- ◆ Is a B.Sc (Zoology) graduate from Stella Maris College, Chennai, M.Sc (Zoology) from Madras University and a Certified Associate of Indian Institute of Bankers;
- ◆ Joined State Bank of India as a probationary officer in 1981 in Delhi and retired in November 2017 as Chief General Manager;
- ◆ Has lengthy experience in grass-root, retail aspects of banking for close to 20 years as Branch Head, Head of Personal Banking Division, NRI Division and retail processing;
- ◆ Was actively involved in implementation of various projects of the bank aimed at impacting the employees and individual customers of the Bank;
- ◆ Has served as the Managing Director and Chief Executive Officer of SBI SG Global Securities Services Pvt. Ltd., a JV between SBI and Societe Generale;
- ◆ Joined the Company's Board in February, 2020.

- ◆ Holds a Bachelor of Technology in Civil Engineering from IIT Madras and a Masters degree in Business Administration from the University of Michigan, USA;
- ◆ Has over 24 years of rich experience in consulting, technology, engineering and financial services in different positions across various industries including McKinsey & Co, 24/7 Customer Inc. and Sundaram Fasteners;
- ◆ Is the Chairman of Cholamandalam Investment and Finance Company Ltd. and CG Power and Industrial Solutions Ltd. and the Managing Director of Tube Investments of India Ltd.;
- ◆ Is a director on the Boards of various companies including SRF Ltd. and Shanthi Gears Ltd.;
- ◆ Was a recipient of the Extraordinary Entrepreneur of the Year - TIECON 2014 Award;
- ◆ Appointed as an additional director of the Company on November 11, 2020.



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



**Mr. Sridharan Rangarajan**  
(55 years)  
DIN: 01814413  
Non-Executive Director

- ◆ Graduate in Commerce from the Madurai University, a member of the Institute of Chartered Accountants of India, a graduate member of the Institute of Cost and Works Accountants of India and a certified Six Sigma 'Green Belt', trained 'Process Champion' and 'Black Belt';
- ◆ Has over 31 years of experience in finance, manufacturing, service & distribution, banking and contracting industries;
- ◆ Has rich multinational and cross-cultural work experience from having worked in companies like ABB, IDBI, LG Electronics, METITO, Trane Inc., USA and Timken;
- ◆ Is a director on the Boards of Cholamandalam MS General Insurance Company Ltd., Cholamandalam MS Risk Services Ltd., Parry Agro Industries Ltd. and Net Access India Ltd.;
- ◆ Joined the Company's Board in August, 2018.

## Board's Report & Management Discussion and Analysis

### Dear Shareholders,

The Directors take pleasure in presenting the 72<sup>nd</sup> Annual Report together with the audited financial statements of the Company for the financial year ('FY') ended March 31, 2021.

### COMPANY OVERVIEW

Cholamandalam Financial Holdings Limited ('CFHL') is a Core Investment Company holding substantial investments in the following financial services / risk management companies of Murugappa Group (hereinafter collectively referred as 'group companies') and serves large number of customers by providing loans for asset acquisition through financing, asset and family protection through general insurance and risk management services.

- Cholamandalam Investment and Finance Company Limited ('CIFCL'), engaged in non-banking financial business;
- Cholamandalam MS General Insurance Company Limited ('MSGICL'), engaged in general insurance business;
- Cholamandalam MS Risk Services Limited ('CMSRSL') engaged in risk management and engineering solutions business.

### REGISTRATION AS A CORE INVESTMENT COMPANY

CFHL is registered as a Non-Deposit taking Systemically Important Core Investment Company ('CIC') pursuant to the receipt of Certificate of Registration dated January 6, 2020 issued by the Reserve Bank of India ('RBI') under section 45-IA of the Reserve Bank of India Act, 1934.

### SHARE CAPITAL

The paid-up equity share capital of CFHL as on March 31, 2021 was ₹18.77 Crore. During the year 6,952 equity shares were allotted upon exercise of vested stock options by eligible option grantees under the Company's Employees Stock Option Schemes 2007 and 2016.

### STANDALONE FINANCIAL RESULTS

(₹ in Crore)

Particulars	2020-21	2019-20
Total Income	58.14	90.90
Total Expenses	24.24	3.97
<b>Profit Before Tax</b>	<b>33.90</b>	<b>86.93</b>
Tax Expense	12.19	3.60
Profit for the year	21.71	83.33
Other Comprehensive Income	0.53	(0.61)
<b>Total Comprehensive Income</b>	<b>22.24</b>	<b>82.72</b>

### DIVIDEND

The Board of Directors recommend a dividend at the rate of 55% i.e., ₹0.55 per equity share of face value of ₹1/- each for the year ended March 31, 2021.

### APPROPRIATIONS

The Company has transferred a sum of ₹4.35 Crore (previous year: ₹16.67 Crore) to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934.

### MACRO ECONOMIC ENVIRONMENT

The year 2020 was dominated by the COVID-19 global pandemic that triggered the deepest recession in nearly a century, threatening health, disrupting economic activity, and hurting well-being and employment. To curb the rapid spread of the virus, governments across the globe imposed several measures that restricted the mobility of people and goods, which impeded trade flows at local, regional, and international levels. This led to lower external demand, disruptions in supply chain and drop in commodity prices including oil. Emerging and developing economies were hit hard especially those with the highest number of COVID cases. While the agriculture sector displayed resilience, manufacturing and services sectors, especially tourism and hospitality were worst affected. Global economic prospects improved markedly during the second half year of 2020 largely aided by the gradual deployment of vaccines and announcements of fiscal support in some countries, only to be dampened by resurgence of a second wave during the end of the year. The world economy is expected to shrink to 4.3% in 2020 and grow by 5.8% in 2021. However, the return to pre-pandemic levels is likely to be long, uneven and uncertain.

On the domestic front, India's GDP growth had been on the decline even before the pandemic struck earlier last year. The impact of COVID-19 on the economy has been multifarious affecting both formal and informal sectors. The country experienced economic recession for the first time in four decades. Months of lockdown during the first quarter resulted in free fall of employment, which slowly stabilized after the economy steadied in most parts of the country. Triggered by the pandemic situation, the GDP contracted by 24.4% during the first quarter of FY 21. The Government's financial stimulus package under the



'Atmanirbhar Bharat Scheme' about 10% of the national GDP, was a prudent measure to mitigate pandemic's adverse impact on the economy. Acting in tandem with the Government, the Reserve Bank of India's revival measures such as loan moratoriums, unsecured loans for MSMEs, cut in repo rates and lower interest rates on new loans, largely aided to ensure adequate liquidity and curb the rise of non-performing assets. Monetary policy remained accommodative during the year. With easing of the lockdown and several relief measures, the economy started showing signs of recovery from the second quarter and the GDP decline fell to 7.4% in Q2 and grew by 0.4% in Q3 of FY 21. This upsurge indicates progression of V-shaped recovery demonstrated by a sustained resurgence in high frequency indicators such as power demand, e-way bills, GST collection, steel consumption, etc.

Turning to the economy's key sectors, growth in agriculture sector is estimated at 3.4% in FY 21 backed by a normal monsoon during the pandemic year. Industry and services sector is likely to contract by 9.6% and 8.8% respectively. Among service industry, while few sectors registered growth driven by pent up demand, high contact sectors such as transportation, hospitality and entertainment continue to witness a sluggish recovery and is projected to contract by 18%. India's external sector provided an effective cushion to growth with the country recording a current account surplus during the first half year, mainly supported by strong services exports, and weak demand leading to a sharper contraction in imports. India continued to be a preferred destination for FDI in FY 21 amidst global asset shifts towards equities. Overall, the economy's GDP contracted by 7.3% in FY 21 compared to a growth of 4.2% in FY 20.

To further provide an impetus to the economy, active measures such as the production-linked incentive scheme in key sectors for enhancing manufacturing capabilities and exports, vaccination plan, fiscal consolidation, increasing infrastructure investments etc., besides numerous tax reforms and regulatory changes were announced in the union budget 21-22. However, the recent spike of COVID-19 infections is expected to slow down the national economy during the first quarter of FY 22. The domestic growth in FY 22 greatly depends on dealing with this second wave of the pandemic. Localised lockdowns as opposed to a national lockdown, the stimulus measures and reforms initiated by the Government and liquidity measures by the RBI are expected to support industrial activity and demand.

The launch of vaccination programme in the country is expected further boost momentum to the economic recovery. While major financial institutions expect strong growth in domestic GDP, World Bank has pegged GDP growth of India at 8.3% in FY 22 given the pandemic induced uncertainty from second wave.

## BUSINESS ENVIRONMENT

CFHL earns revenue primarily by way of dividend income from investments held in group companies. An overview of the financial services sector in which the company operates along with a business update of the group companies during FY 21 is summarised in the following paragraphs.

### NBFC Industry & Business Update

India's financial sector is a highly diversified one comprising commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The sector predominantly driven by banking and non-banking financial companies ('NBFCs') have witnessed exponential growth in the last decade driven largely by regulatory reforms and their ability to cater to unbanked areas through innovative products and service delivery mechanisms. Before the onset of the pandemic, the sector was dealing with the contagion effects associated with the collapse of a few NBFCs and co-operative banks. Disruptions were felt in operations of NBFCs during the June quarter of FY 21, when disbursements and collections were severely hit by the hard-braking of economic activity. Though collection efficiency improved since then, it is still way off pre-covid levels for small businesses, and the unsecured and wholesale segments, given the volatility in borrower cash flows. Research analysts have estimated NBFCs to grow by 9.5% year-on-year in FY 22.

Cholamandalam Investment and Finance Company Limited ('CIFCL'), a NBFC incorporated in 1978, is one of the leading, comprehensive financial service provider offering vehicle finance, home loans, loan against property etc., to a wide range of customers.

### Vehicle Finance

CIFCL's Vehicle Finance ('VF') business comprising of diversified portfolio viz., commercial vehicles, passenger vehicles and used vehicles, continues to be the major segment contributing 72% of its aggregate assets under management ('AUM') as at March 31, 2021. The auto industry was hit badly in FY 21 coupled with the structural slowdown which was already prevailing in the segment.

The domestic commercial vehicle ('CV') industry closed FY 21 with a 21% de-growth after recording a 29% negative growth in FY 20 which is predominantly on account of the disruption in sales due to lockdown restrictions, negative customer sentiments and economic slowdown. The CV sales is expected to grow from second half of FY 22 after two consecutive years of volume contraction supported by the low base and expectation of improved economic activity. Tractor industry had a growth of 27% in FY 21 due to healthy farm cash flows on the back of a normal monsoon and minimal COVID 19 impact in rural areas. The momentum is expected to continue in FY 22 with a moderate growth of 5% to 10% aided by a normal monsoon, healthy crop output and least impact of pandemic on the farming community. Domestic car and utility vehicle industry witnessed three years of negative growth which is the first time in a decade majorly attributed to muted consumer sentiments and higher cost of ownership. The industry is expected to post a favourable growth subject to quicker pick-up in economic activity after the second wave of the pandemic, improved consumer sentiments supported by resilient rural demand due to favourable monsoons. Two-wheeler industry had a de-growth of 13% in FY 21 due to higher inflation levels and reduced discretionary spending. The industry is expected to grow at around 10% to 15% in FY 22 on a severely contracted base.

The Vehicle Finance business disbursed ₹20,249 Crore during FY 21 as against ₹23,387 Crore in the previous year registering a de-growth of 13% primarily due to drop in industry volumes across segments caused by the pandemic. Profits before tax ('PBT') during the year was ₹1,287 Crore as against ₹945 Crore in the previous year. The VF business continued its focus on maintaining asset quality through an aggressive collection strategy, which helped in restricting gross stage 3 assets to 3.08% despite being a challenging year due to a stressed macro-economic environment. CIFCL has designed a multi-pronged long-term strategy to minimize the cost of operations and credit losses, to maximize return on assets and customer experience. Operating model enhancements have been prioritized and are being implemented for re-imagining of existing processes at a product level, to augment sales, drive operating efficiencies, reduce costs, and balance credit risk through better pricing. The company has implemented multiple collection processes which enable customers to shift towards alternate digital payment modes. The business will endeavour to expand and strengthen its existing relationships with customers, manufacturers, brokers and dealers, utilizing new tools and platforms.

### **Loan against Property**

The MSME community was impacted majorly during the first half of FY 21. However, the introduction of targeted initiatives by the Government and the RBI like Emergency Credit Line Guarantees Scheme ('ECLGS'), moratorium and restructuring, helped MSMEs to rebound in the second half year and is expected to continue providing momentum in FY 22 as well. CIFCL's loan against property ('LAP') business continues to focus on a systematic approach to build a healthy portfolio mix, with more than 80% of portfolio as self-occupied residential properties (SORP) and an average loan ticket size of less than ₹50 Lakh. The business had reached pre-COVID level of monthly disbursements by the end of Q2 of FY 21 with adequate credit policy changes in place in tune with market challenges. LAP business disbursed nearly ₹800 Crore under ECLGS as of March 2021. The business was also proactive in providing moratorium and ex-gratia benefit to eligible customers, as announced by the Indian Government.

Business AUM (Net) for LAP business grew by 14% to ₹14,777 Crore (previous year: ₹12,960 Crore) and disbursements registered a decline of 1% to ₹3,627 Crore (previous year: ₹3,662 Crore).

### **Home Loans**

Home Loans ('HL') business offers loans for self construction, purchase of new and resale flats/independent houses, balance transfer from other financiers, top-up loans for existing customers. Growth in the affordable housing finance segment continued to out-pace the housing sector. The demand was subdued through FY 21 and green shoots began to emerge by Q3 of FY 21. Analysts expect the housing sector to grow about 6~10% in FY 22 and affordable housing to grow at 12~15% in the same period. However, the impact of the second wave of COVID on the economy remains to be assessed.

As on March 31, 2021, the HL business had 34,392 live accounts (44% growth Y-o-Y) with an AUM of ₹4,345 Crore (39% growth Y-o-Y). 87% of this portfolio is in Tier II, III, IV cities and towns. Disbursements of HL segment grew by 2% in FY 21 from ₹1,505 Crore in FY 20 to ₹1,542 Crore in FY 21.

Lower Middle-Income-Group customers continue to be the target group for HL business. 96% of the portfolio comprise business owners with significant business vintage buying their first home. Lending for self-construction, remains to be a strong focus with significant proportion of the portfolio sourced from this segment.

### **Other functions**

During the year the NBFC subsidiary has upgraded its system with a host of integrations to reduce physical touch-point with stakeholders. Online payment modes for collections have been introduced to provide customers with multiple payment options. For vendors, online portals have been introduced to liaise and share documents with the business. Automation continues to be a key initiative and technology tools are deployed for automation of repetitive activities across functions wherever opportunity presents.

### **Outlook**

Business outlook for FY 22 remains uncertain with onset of second wave of COVID-19. Vehicle finance business will continue to be the mainstay for CIFCL. While the loan against property portfolio has also been a significant contributor to the company's growth, the home loan business has a great potential to be built into a solid portfolio considering the expertise of the company in handling typical customer profiles.

### **General Insurance Industry & Business Update**

General insurance industry underwent a turbulent phase during the FY 21. Slowdown in economic growth due to the lockdown, impacted insurance premium growth for the industry. The impact was felt heavily in the first half of the year. With improving automobile sales (primarily non-commercial vehicles), the industry commenced recording growth during the second half year.

Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes. The general insurance industry grew by 2% in FY 21 and achieved a Gross Written Premium ('GWP') of ₹1,698 billion with about 57.7% market share of private players and 42.3% of PSU players. Motor insurance business witnessed a severe impact at the industry level driven by sharp decline in motor vehicle sales and deferment of third party price increase. Amongst other lines of business, the property insurance business registered a premium growth of 28.1% while the motor line of business registered a de-growth of 1.7% and the health line of business grew for the industry.

Cholamandalam MS General Insurance Company Limited ('CMSGICL'), the insurance business segment of CFHL, is registered with the Insurance Regulatory and Development Authority of India ('IRDA') to carry on general insurance business. CMSGICL offers a wide range of insurance including motor, travel, health, accident, home

and other types of insurance for corporate customers. In a highly competitive business environment, CMSGICL ranks 8<sup>th</sup> position among private insurers with a market share of 2.9% (excluding crop insurance).

CMSGICL recorded a GWP of ₹4,705 Crore (previous year: ₹4,824 Crore) for the year ended March 31, 2021. The GWP growth was largely driven by acquiring new bancassurance tie-ups in state-owned banks, entry into large motor OEM programs, growth in proprietary channels in Tier II, III and IV towns and in commercial lines. Steep drop in commercial vehicles premia rendered the GWP flat even though growth was attained in other lines and categories. The company's claims ratio was rendered higher as a result of a charge of over ₹130 Crore of COVID-19 related health claims which dented the underwriting results in the health insurance business. The company secured renewal of its key bancassurance arrangements with state owned banks. CMSGICL made underwriting surplus in most lines of business except motor third party. The company, with its thrust on retail risks, continues to adopt prudent underwriting strategies and processes. Customer base of CMSGICL grew strongly to over 1.65 Crore during the year constituting a growth of more than 17% over the previous year.

### **Motor Insurance**

Motor insurance business registered a premium of ₹3,429 Crore in FY 21, a de-growth of 6.2% over the previous year. The company stepped up the renewals ratio in the cars portfolio even as the pandemic impacted the commercial vehicles. The premium pricing in motor own-damage witnessed severe pressure with discounts across vehicle categories rising to new highs. This has caused an adverse change in the motor OD claims ratios of all players in the industry. In motor third party, the premium insufficiency continued in several sub-segments due to deferral of increase in premium. This was further accentuated with the increase in minimum wage levels and inflation in medical care costs. The cumulative effect of the above resulted in adverse combined ratio in the motor line of business.

### **Property and Casualty Insurance**

Premium from Commercial lines of business grew to ₹571 Crore, mainly driven by 30% growth in the fire line of business. Marine and Engineering lines of business were impacted by lower levels of economic activity. Miscellaneous lines grew well during the year. CMSGICL registered growth across its verticals of Indian commercial, SME and bancassurance.

The company continues to follow disciplined underwriting and prudent risk selection in the highly demanding environment. Higher proportion of business from 'preferred' category risks, geographical spread of risks, line size management have all ensured improvement in the claims ratios of the commercial insurance business.

### **Health, Accident and Travel Insurance**

The Health, Accident and Travel insurance business grew by 13.5% during FY 21. Muted disbursements in motor NBFCs / Housing Finance Companies (HFCs), impacted the benefit of product bundling in health and accident products leading to lower growth. The company stepped up on the addition of dedicated health agents (including POSP) and expanded reach of bancassurance distribution to more distribution points to ensure that retail indemnity business from agency and banca distribution grew strongly. The company also distributed COVID-19 linked health products and the standard Arogya Sanjeevani products besides revamping its existing product portfolio to align with evolving customer needs triggered by the pandemic. A host of new product offerings, both indemnity and benefit are on the anvil for launch. Overall, loss ratios in health line of business was adverse due to spread of COVID-19 virus which affected the underwriting results of the segment.

### **Other functions**

FY 21 witnessed claims management function stepping up speed of disposal while handling larger volumes with efficiency and productivity. Higher levels of compromise settlements in motor third party were secured during FY 21. With respect to reinsurance ('RI') function, the extended monsoon together with multiple cyclones in the east and west coasts during the year caused inundation related losses. These losses largely impacted the retained risk of the company. The impact on proportional and non-proportional treaties from these natural calamities was marginal. Both the proportional and non-proportional treaties generated surplus for the reinsurers. During the year, new reinsurance arrangements in respect of its product offerings were put in place. The company implemented several new tech platforms and IT initiatives including digital integration with channel partners such as OEMs, bancassurance partners, digital partners etc. for seamless issuance of policies, a fully digitized platform for on-boarding of POSP agents, introduction of Robotics Process Automation in claims and finance functions, AI powered chat-bot enabled on corporate website to benefit customer self-service etc.

### **Outlook**

The general insurance industry has rebounded well from the impact of the first wave by recording a growth of 8.8% in Q4 of FY 21. A similar recovery and rebound is expected as the infection rate subsides and vaccination levels enhances in FY 22. The anticipated increase in interest rates in the economy will have a positive impact on the investment income for all players in the industry. The insurance business which derives a good portion of its GWP from motor dealerships and financier partners in the motor space, recognises the possible impact and has drawn specific, actionable counter measures to reduce the impact.

### **Risk Management Solutions - Business Update & Outlook**

Cholamandalam MS Risk Services Limited (CMSRSL), is engaged in providing risk management and engineering solutions in the field of safety, health and environment, in association with CMSGICL. Despite witnessing a slow down during the first half, the business restored to normalcy in the second half year. CMSRSL strengthened its order book by ₹38 Crore during the pandemic year, which includes few long-term contracts for secondment business.

The business is backed by a strong technical team of multidisciplinary & certified professionals having exposure to domestic and international markets. During the year, CMSRSL introduced and started promoting virtual sessions for specific studies for clients. Towards improving operations, the business deployed SRP software to manage its end to end business operations starting from business inquiry to project management to finance. As a key product offering in line with the emerging environment, a digital division has been put in place to explore and supplement the existing core services with digitalization and launch digital products.

CMSRSL continues to offer services to CMSGICL and its clients through value-added offerings like thermography, safety audits and cargo loss minimization studies.

Even though the business of CMSRSL has a robust carry forward order book with few long-term secondment contracts, challenges in execution of consulting projects due to the outburst of the second wave of the pandemic is anticipated. Business expects operating conditions to improve from the second quarter of FY 22 as the second wave subsides and vaccination levels improve within the country.

## FINANCIAL REVIEW - SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

CFHL earned an income of ₹58.14 Crore (previous year: ₹90.90 Crore) and profit before tax was ₹33.90 Crore (previous year: ₹86.93 Crore) for the financial year ended March 31, 2021. Lower profits was on account of lower dividend income and interest cost recognised on borrowing made for equity investment in subsidiary company. Aggregate investments stood at ₹1,279.22 Crore (previous year: ₹1,278.35 Crore) as on March 31, 2021. During the year under review the Company has issued and allotted 1500 unsecured, redeemable, non-convertible debentures ('NCDs') of ₹10,00,000/- each for cash at par aggregating to ₹150 Crore on private placement basis. Fund raised through the issue of NCDs has been utilized towards repayment of the subsisting term loan of the Company.

### Credit Rating

India Ratings and Research Private Limited has assigned a rating of IND AA+/Stable for the debt instruments issued by CFHL during the financial year.

### Cholamandalam Investment and Finance Company Limited ('CIFCL')

CFHL holds 45.47% in the paid-up equity share capital of CIFCL as on March 31, 2021. Securities of CIFCL are listed and traded on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE). CIFCL is treated as a subsidiary under Ind AS. Rationale in this regard is provided under Note 24 of standalone financial statements.

Business Assets under Management ('AUM') grew by 16% to ₹69,996 Crore as at March 31, 2021 (previous year: ₹60,549 Crore). Loan disbursements aggregated to ₹26,043 Crore (previous year: ₹29,091 Crore) registering a decline of 10% during the year. Profit after tax grew by 44% to ₹1,515 Crore (previous year: ₹1,052 Crore). Investment portfolio of CIFCL as at end of FY 21 was ₹1,619 Crore including investments in government securities of ₹1,546 Crore. CIFCL holds a management overlay of ₹1,100 Crore as at March 31, 2021 which includes an additional one-time provision created for COVID-19 in FY 21 for ₹566 Crore and also retaining additional provision as on March 31, 2020 of ₹534 Crore. CIFCL maintained a comfortable ALM position throughout the year without availing moratorium on its debt obligations. As at end of FY 21, the capital adequacy ratio stood at 19.1% as against the regulatory requirement of 15%. During the year the company raised CP of ₹12,965

Crore of which ₹9,900 Crore were repaid. Outstanding NCDs stood at ₹8,936 Crore and Tier II borrowings stood at ₹4,062 Crore as on March 31, 2021.

CIFCL paid an interim dividend of ₹1.30/- (65%) per equity share of face value of ₹2/- each for the FY 21. The Board of CIFCL has recommended a final dividend of ₹0.70 (35%) per share for FY 21, subject to their shareholders' approval.

CIFCL's subsidiary companies are Cholamandalam Securities Limited ('CSEC') and Cholamandalam Home Finance Limited ('CHFL'). CSEC is engaged in stock broking and investment advisory services. During the year, CSEC focused on creating three distinct business lines for enhancing revenues and productivity - broking, wealth and insurance distribution. The broking business grew 30% and wealth business grew by 12% in FY 21. CSEC achieved a gross income of ₹30.14 Crore (previous year: ₹23.59 Crore) and profit before tax of ₹6.84 Crore (previous year: ₹4.10 Crore) for the year ended March 31, 2021 and the business AUM crossed ₹1,240 Crore as at the end of FY 21.

CHFL recorded a gross income of ₹37.15 Crore (previous year: ₹38.61 Crore) and made a profit before tax of ₹2.62 Crore (previous year: loss of ₹0.77 Crore) for the year ended March 31, 2021. The company is a corporate agent with composite licence from Insurance Regulatory and Development Authority of India for distributing insurance products. The company is seeking registration with RBI for HFC license.

### Cholamandalam MS General Insurance Company Limited ('MSGICL')

CFHL holds 60% in the paid-up equity share capital of MSGICL - a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan and is a material subsidiary. The IRDAI has deferred the implementation of Ind-AS for insurance companies. Therefore, financials of MSGICL have been restated as per Ind-AS for consolidation purposes and figures of MSGICL reported in the annual report are under Ind-AS.

MSGICL achieved a gross written premium of ₹4,705 Crore during the FY 21 (previous year: ₹4,824 Crore), and the profit before tax was ₹367 Crore (previous year: ₹216 Crore). The Company's investment portfolio grew to ₹10,262 Crore as at March 31, 2021 (previous year: ₹9,027 Crore). In the context of the pandemic environment and with interest rates rendered higher in first few months of the year, the company churned and deployed its investments largely in central and state government

securities and pared down exposures to corporate bonds. Investments of CMSGICL in government securities stood at 74.91% of the investment assets (previous year: 70.39%). Solvency ratio of CMSGICL as on March 31, 2021 was 2.08 times as against the regulatory requirement of 1.50 times.

With a view to conserve its resources, the Board of CMSGICL has not recommended dividend for FY 21.

#### **Cholamandalam MS Risk Services Limited ('CMSRSL')**

The Company holds 49.5% in the paid-up equity share capital of CMSRSL, a joint venture with Mitsui Sumitomo Insurance Company Ltd., Japan and has a technical collaboration with Inter Risk, a group company of Mitsui Sumitomo Insurance Group.

CMSRSL achieved an income of ₹43.59 Crore (previous year: ₹48.90 Crore) and profit before tax of ₹2.64 Crore (previous year: ₹5.62 Crore) for the year ended March 31, 2021. The Board of CMSRSL has recommended a final dividend of ₹1/- per share on its equity share of face value of ₹10/- each for the FY 21.

#### **CONSOLIDATED FINANCIAL RESULTS** (₹ in Crore)

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Total Income	13,904.90	13,135.73
Total Expenses	11,504.62	11,330.11
<b>Profit Before Tax of Profits from Associate / Joint Venture and Tax</b>	<b>2,400.28</b>	<b>1,805.62</b>
Share of Profit from Associates /Joint Venture (Net of Taxes)	0.32	1.27
<b>Profits Before Tax</b>	<b>2,400.60</b>	<b>1,806.89</b>
Tax Expense	(636.38)	(641.84)
<b>Profits for the year</b>	<b>1,764.22</b>	<b>1,165.05</b>
Minority Interest	(939.58)	(614.20)
<b>Net Profit for the year attributable to owners of the Company</b>	<b>824.64</b>	<b>550.85</b>

#### **BUSINESS REVIEW - SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES**

The subsidiary companies of CFHL are Cholamandalam MS General Insurance Company Limited and Cholamandalam Health Insurance Limited. Under Ind-AS, Cholamandalam Investment and Finance Company Limited is treated as a subsidiary company and Cholamandalam MS Risk Services Limited is a joint venture company of CFHL. Cholamandalam Health Insurance Limited did not pursue its main business objects and had filed an application for striking off its name from the Register of Companies during the year

and consequently ceases to be a subsidiary of CFHL. There has been no change in the nature of business of these companies during the year. Business performance of these companies is detailed in earlier paragraphs of this report.

A report on the performance and financial position of each of the aforesaid companies as per section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, in the prescribed form AOC-1 is annexed to this Report as **Annexure A**. Consolidated financial statements of the Company, prepared in accordance with the Companies Act, 2013 ('the Act') and the relevant Accounting Standards, forms part of the annual report.

The annual report containing standalone and consolidated financial statements will be posted on the Company's website, [www.cholafhl.com](http://www.cholafhl.com). Annual accounts of the subsidiary companies will also be posted on the Company's website and be made available for inspection by shareholders through electronic mode until the date of the Annual General Meeting ('AGM').

#### **COVID-19 BUSINESS UPDATES**

The pandemic induced lockdowns and restrictions imposed by the Government across several jurisdictions in which the group companies operate have considerably impacted the business operations during the year ended March 31, 2021. Notes in this regard are given under Note 1.3 of the standalone financial statements and Note 4.1 of the consolidated financial statements for the year ended March 31, 2021.

In accordance with the RBI guidelines related to "COVID-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020, CIFCL has offered moratorium to its customers based on the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, CIFCL offered resolution plans to its customers pursuant to the RBI circular on 'Resolution framework for COVID-19 related stress' dated August 6, 2020. The impact of COVID-19 pandemic including the ongoing second wave, on CIFCL's operations and financial metrics, will depend on the future developments, which remains uncertain. While the Company continues to monitor the evolving situation on an ongoing basis, CIFCL has considered financial implications including expected credit loss ('ECL') provisioning in the financial statements and made cumulative ECL provision for loans as on March 31, 2021 which aggregates to ₹2,444 Crore (previous year: ₹1,523 Crore).

The impact of COVID-19 on CMSGICL's operations, and its financial statements has been assessed and the assessment includes but not limited to valuation of policy related liabilities and solvency position of CMSGICL as at March 31, 2021. Further, there have been no material changes in the controls or process followed in the financial closing process of CMSGICL. The Company continues to closely monitor the implications of the second wave of the pandemic on its operations and financial statements for any emerging uncertainties.

## DIRECTORS

At the 71<sup>st</sup> AGM held on August 12, 2020 the appointment of Mrs. Vasudha Sundararaman as an Independent Director of the Company for a term of five years commencing February 12, 2020 was approved.

Mr. V Ravichandran (DIN: 00110086), Non-Executive Director, stepped down from the Board with effect from the close of business hours on November 11, 2020. The Board places on record its appreciation for the contribution rendered by Mr. Ravichandran during his tenure on the Board.

Based on the recommendation of the Nomination & Remuneration Committee of the Board, Mr. Vellayan Subbiah (DIN: 01138759) has been appointed as an additional director with effect from November 11, 2020 and holds office till the date of the ensuing 72<sup>nd</sup> AGM. The Company has received a notice from a shareholder proposing the appointment of Mr. Vellayan as a director of the Company. The Board recommends his appointment as a director of the Company and the resolution proposing the appointment forms part of the Notice of the 72<sup>nd</sup> AGM of the Company.

As per the provisions of section 152 of the Act, Mr. M M Murugappan (DIN: 00170478) retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board recommends the re-appointment of Mr. Murugappan as a director liable to retire by rotation and the resolution in this regard forms part of the Notice of the 72<sup>nd</sup> AGM of the Company.

Information as required to be disclosed under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations"), for appointment / reappointment of directors is provided in the AGM Notice.

## DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors ('IDs'), Mr. Ashok Kumar Barat, Mr. B Ramaratnam and Mrs. Vasudha Sundararaman have submitted declarations stating that they meet

the criteria of independence as required under the provisions of section 149(6) of the Act and regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, all the IDs possess integrity, expertise and relevant experience in their respective fields including the proficiency required to effectively discharge their roles and responsibilities in directing and guiding the affairs of the Company.

In terms of section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, the IDs of the Company have registered their names in the independent directors' data bank created and maintained by the Indian Institute of Corporate Affairs ('IICA'). The IDs are also required to pass an online proficiency self-assessment test conducted by the IICA within a period of two years from the date of inclusion of their names in the data bank, subject to exemption to individuals who fulfil the eligibility criteria prescribed under the said Rules. All the IDs are in compliant with the requirement under the said Rules.

## KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Companies Act, 2013, Mr. N Ganesh, Manager & Chief Financial Officer and Mrs. E Krithika, Company Secretary are the key managerial personnel of the Company and there were no changes during the year. At the 71<sup>st</sup> AGM held on August 12, 2020, the members approved the re-appointment of Mr. Ganesh as the Manager for a further period of 3 years effective June 15, 2020.

## STATUTORY AUDITORS

Pursuant to the provisions of section 139(2) of the Act and the rules made thereunder M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, were re-appointed as the statutory auditors of the Company at the 71<sup>st</sup> AGM held on August 12, 2020, for a second term of five years i.e., from the conclusion of the 71<sup>st</sup> AGM until the conclusion of the 76<sup>th</sup> AGM. The Auditors' Report is unmodified and does not contain any qualifications, reservations, or adverse remark. The statutory auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under section 143(12) of the Act during the year.

RBI has issued guidelines on April 27, 2021 for appointment of statutory auditors for Banks and NBFCs applicable from second half of FY 22 which inter-alia mandates tenure of the auditors for a continuous period of three years subject to satisfying the eligibility norms each year. The Company will be taking necessary steps to comply with the said RBI guidelines.

## FINANCE

### Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest were outstanding as on March 31, 2021.

### Particulars of Loans, Guarantees or Investments

The provisions of section 186 of the Act pertaining to investment and lending activities is not applicable to CFHL since the Company is an NBFC whose principal business is acquisition of securities. Information regarding investments made during the year is given in the financial statements. During the year the Company has not given any loans or guarantees under the provisions of section 186 of the Act.

### Internal Financial Control Systems with reference to the Financial Statements

The Company has in place adequate internal financial controls to ensure reliability of financial and operational information and regulatory and statutory compliances. The Company's business processes are equipped with monitoring and reporting processes to ensure financial discipline and accountability. The internal financial control systems are monitored both by internal and statutory auditors of the Company. The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls as on March 31, 2021.

### Financial Ratios

The Company being an investment company does not carry on any business other than holding investments in its subsidiaries, associates and joint venture. Dividend is the primary source of income. Key ratios of the Company are given below.

Key Ratios	31-Mar-2021	31-Mar-2020
Return on Net Worth	1.90	7.45
Return on Total Assets	1.67	6.30
Debt Equity Ratio	0.13	0.18
Leverage Ratio	0.02	0.03
Ratio of Adjusted Net Worth (ANW) to its aggregate risk weighted assets	626.01	478.51

The leverage ratio (regulatory maximum: 2.5 times) and adjusted net worth ratio (regulatory minimum: 30%) are computed in accordance with the RBI regulations. Change in return on net worth as compared to the

previous year is on account of lower profits due to lower dividend income and interest cost recognised on borrowings made for investment in subsidiary.

## RISK MANAGEMENT

Managing risk is fundamental to any business in general, and in particular to financial services industry. CFHL has a risk management framework in place which provides an integrated approach for identifying, monitoring and mitigating risks associated with its business and that of its group companies. Risks arising out of NBFC, insurance and risk management businesses of the group companies are the dominant risks of the Company. Key risk exposures of CFHL include financial risks, governance risks, market risks, reputation risks and compliance risks. The Risk Management Committee ('RMC') assists the Board in monitoring various risks, review and analysis of risk exposures and mitigation plans related to the Company and its group companies. A Risk Management Policy has been adopted by the Board of Directors which inter alia sets out risk strategy, approach and mitigation plans, liquidity risk management and asset liability management.

The group companies have their own risk management framework in line with its strategic business operations as appropriate to the industry in which they operate. Risk management framework of NBFC and insurance businesses are broadly 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. Business operations of each of the group companies, the risks faced by them and the risk mitigation tools followed by them are reviewed periodically by the Risk Management Committees and the Boards of the respective group companies.

CIFCL's risk management division works as a value center by constantly engaging with the business and providing key insights into the portfolio based on data driven analysis. The key risks faced by CIFCL 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 in-house developed risk monitoring tool of CIFCL measures the movement of critical risks. This provides the level and direction of risks, which are arrived at, based on the two level risk thresholds for the identified key risk indicators and are aligned to the overall company's risk appetite framework approved by the Board.



The risk management framework of CMSGICL broadly comprises of establishment of risk management policy, risk register, review of key risk exposures by the Risk Management Committee of the Board and asset liability management. Key risk exposures of CMSGICL include financial risk, credit risk, market risk, operational risk and compliance risk. CMSGICL's Enterprise Risk Management ('ERM') function continually conducts risk and control assessments for all functions across the Company.

During FY 21 the Risk Management Committee of CFHL's Board reviewed key risk exposures of the Company and mitigations measures, asset liability management and structural liquidity management. The Board of CFHL annually reviews key risk exposures and mitigation measures of major business divisions viz., NBFC and general insurance businesses.

### INTERNAL CONTROL SYSTEM

Internal control systems of an organisation is looked at as the key to its effective functioning. The Company has internal control systems in place commensurate with the nature of business and size of its operations, to ensure compliance with internal policies, regulatory matters and to safeguard reliability of financial reporting and its disclosures. An audit of systems and processes is conducted by the internal auditor of the Company and significant observations are reported to the Audit Committee every quarter. The Audit Committee evaluates adequacy and effectiveness of the internal controls, recommends improvements and reviews the corrective action taken to address gaps, if any.

### CORPORATE GOVERNANCE

The Company firmly believes in committing itself to maintaining high standards of corporate governance.

A report on corporate governance of the Company together with a certificate from the Auditors in accordance with the SEBI Listing Regulations is annexed to this Report as **Annexure B**. The Report further contains other details which are required to be provided in the Board's Report.

### BOARD MEETINGS

Six meetings of the Board were held during the year ended March 31, 2021. Further details on the Board meetings are disclosed in the Report on Corporate Governance.

### COMPOSITION OF THE AUDIT COMMITTEE

The Board has constituted an Audit Committee in terms of the applicable provisions of the Act, the SEBI Listing

Regulations and the Master Directions of RBI. Details of terms of reference, composition and meetings of the committee are disclosed in the Report on Corporate Governance.

### BOARD EVALUATION

Pursuant to the provisions of section 134 of the Act and regulation 17 of the SEBI Listing Regulations, the Board of Directors have carried out an annual performance evaluation of the Board itself, the individual directors, various committees of the Board and the Chairman for FY 20-21. The manner in which the evaluation has been carried out is provided in the Report on Corporate Governance.

### POLICY ON BOARD NOMINATION AND REMUNERATION

The Board has formulated a policy for selection and appointment of directors, senior management and their remuneration. Details of which are furnished in the Report on Corporate Governance.

### CORPORATE SOCIAL RESPONSIBILITY ('CSR')

The Company being a part of the Murugappa Group, is known for its tradition of philanthropy and community service. The Company's philosophy is to reach out to the community through service-oriented philanthropic institutions in the fields of education and healthcare.

In accordance with section 135 of the Act, the Company has formulated a CSR policy. During the year the policy has been reviewed to align with the provisions of section 135 of the Act amended vide the Companies (Amendment) Act 2020 and the Companies (CSR Policy) Amendment Rules 2021. The CSR policy is available on the Company's website at <http://www.cholafhl.com/article/profile/967>.

Pursuant to the aforesaid provisions the Company has spent ₹18 Lakh towards CSR activities approved by the Board during the year ended March 31, 2021. An annual report on CSR activities has been appended as **Annexure C** to this Report.

### RELATED PARTY TRANSACTIONS

All transactions that were entered into by the Company with related parties during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions during the year which had potential conflict with the interest of the Company at large. Pursuant to section 134(3)(h) read with rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Act, in form AOC-2.

Necessary disclosures in this regard have been made in the notes to the financial statements. The Company has formulated a policy on related party transactions. None of the Directors had any pecuniary relationships or transactions vis-a-vis the Company.

## **HUMAN RESOURCES AND PARTICULARS OF EMPLOYEES**

Human resources('HR') are the valuable assets for the Company. CFHL along with its group companies has a work force of more than 8,600 employees as at March 31, 2021. The companies have robust HR management practices enabling achievement of organizational goals and key milestones through people. Key HR initiatives implemented during the year include wellness support program, business continuity plan and strengthening & re-alignment of processes to adopt to a new normal. The companies continue to emphasize on resourcing and talent planning strategies based on their functional and general management requirements in preparing the organisation for the future.

As on March 31, 2021, there were two employees on the rolls of CFHL. The information required to be disclosed under the provisions of section 197 of the Act read with rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure D** to this Report.

## **EMPLOYEE STOCK OPTION ('ESOP') SCHEMES**

The Company's ESOP Schemes viz., Employee Stock Option Plan 2007 ('ESOP 2007') and Employee Stock Option Plan 2016 ('ESOP 2016') have been approved by the shareholders. During the year there have been no fresh grants under both the schemes. Details in respect of ESOP 2007 and ESOP 2016 as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed on the Company's website at <http://www.cholafhl.com/article/investors/554>. Both the schemes are in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014 respectively.

Vide the scheme of arrangement (demerger), employees of the Company were transferred to the resulting company, Tube Investments of India Ltd. The stock options granted by the Company prior to the effective date of demerger, i.e. August 1, 2017, continue to be held by the option grantees who are employees of the resulting company. During the year, upon exercise of vested stock options

by the eligible option grantees, 1,952 and 5,000 equity shares were allotted under ESOP 2007 and ESOP 2016 schemes, respectively.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has no activity relating to consumption of energy or technology absorption etc. There was no foreign exchange earnings or outgo during the year.

## **WHISTLEBLOWER / VIGIL MECHANISM**

In compliance with the provisions of section 177(9) of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014 and regulation 22 of the SEBI Listing Regulations, the Company has established a whistleblower / vigil mechanism which inter alia facilitates its employees to report genuine concerns. The mechanism provides for adequate safeguards against victimisation of persons using the mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The policy is available on the Company's website at <http://www.cholafhl.com/article/investors/34>.

## **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a policy for prevention of sexual harassment at workplace. An internal complaints committee ('ICC') is in place to redress complaints received regarding sexual harassment. The policy extends to all employees (permanent, contractual, temporary and trainees). During the year no referrals were received under the policy and no complaints were pending at the beginning of the year.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of the SEBI Listing Regulations and the rules made thereunder, the Board had appointed M/s Srinidhi Sridharan & Associates, Practicing Company Secretaries, to conduct the secretarial audit for the year ended March 31, 2021. The Report issued by the secretarial auditor in the prescribed form MR-3 is annexed to this Report as **Annexure E**.

The secretarial audit report does not contain any qualifications, reservations or adverse remarks by the secretarial auditor.

### **COST RECORD AND COST AUDIT**

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable to the Company.

### **ANNUAL RETURN**

Pursuant to the provisions of section 92(3) and section 134(3)(a) of the Companies Act, 2013, the annual return for the year ended March 31, 2021 is available on the Company's website at <http://www.cholafhl.com/article/subsidyfinancials/400>.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

CFHL has complied with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments, affecting the financial position of the Company which have occurred between March 31, 2021 and the date of this Report.

### **BUSINESS RESPONSIBILITY REPORT**

The Company abides by a set of enduring values and beliefs called the 'five lights' viz., the lights of integrity, passion, quality, respect and responsibility in order to be a socially responsible business, which would on a continuous basis, enhance the interests of all its stakeholders. By steadfastly upholding the principles of good and robust corporate governance ingrained with discipline, accountability, transparency and fairness, the Company constantly endeavors to sustain and enhance itself as a responsible corporate citizen.

In terms of regulation 34(2) of the SEBI Listing Regulations a Business Responsibility Report in the prescribed form is annexed to this Report as **Annexure F**.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors confirm that the Company has in place a framework of internal financial control and compliance system, which is monitored and reviewed

by the Audit Committee and the Board, besides the statutory, internal and secretarial auditors. Further, pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed and that there were no material departures therefrom;
- b) 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 March 31, 2021 and of the profit of the Company for the year ended on that date;
- c) 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;
- d) they have prepared the annual financial statements on a going concern basis;
- e) 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 March 31, 2021;
 

and
- f) 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 March 31, 2021.

### **DECLARATIONS / AFFIRMATIONS**

- There were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in future.
- The Company does not carry on any activities other than those specifically permitted by the RBI for CICs.
- RBI does not accept any responsibility or guarantee about the present position as to the financial

soundness of the Company or the correctness of any of the statements or representations made or opinions expressed by the Company and for discharge of any liability by the Company.

Neither there is any provision in law to keep, nor does the Company keep any part of the deposits with RBI and by issuing a Certificate of Registration to the Company, RBI neither accepts any responsibility nor guarantees the payment of deposits to any depositor or any person who has lent any sum to the Company.

- There are no applications made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 during the year.
- During the year, the Company had not made any one-time settlement with banks or financial institutions.

## ACKNOWLEDGEMENT

The Directors express their gratitude for the support and co-operation extended by the Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and other statutory authorities. The Directors also wish to thank all investors, vendors, financial institutions, banks and joint venture partners for their continued support and faith reposed in the Company. The Board places on record its appreciation for the contribution made by the employees of the Company and its group companies across all levels.

On behalf of the Board

Place : Chennai  
Date : May 14, 2021

**M M Murugappan**  
Chairman

**Form AOC – 1****ANNEXURE A**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures under Ind-AS****Part A - Subsidiaries**

(₹ in Crore)

SN.	Particulars / Name of the Subsidiary	Cholamandalam Investment and Finance Company Ltd. (CIFCL)	Cholamandalam Securities Ltd.	Cholamandalam Home Finance Ltd.	Cholamandalam MS General Insurance Company Ltd.
		Subsidiaries of CIFCL			
1	Reporting period of the subsidiary	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21
2	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	Not applicable	Not applicable	Not applicable
3	Share capital	164.07	22.50	42.40	298.81
4	Reserves & surplus	9,396.24	11.87	11.36	1,546.71
5	Total assets	74,548.42	86.70	61.72	14,085.14
6	Total Liabilities	64,988.11	52.33	7.96	12,239.62
7	Investments	1,618.82	3.71	9.63	10,262.49
8	Turnover	9,519.62	30.14	37.15	4,370.46
9	Profit / (Loss) Before Tax	2,038.44	6.84	2.62	366.82
10	Provision for taxation	523.53	1.92	0.84	91.11
11	Profit / (Loss) After Tax	1,514.91	4.92	1.78	275.71
12	Proposed Dividend	35%	Nil	Nil	Nil
13	% of shareholding	45.47%	100.00%	100.00%	60.00%

**Notes:**

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Cholamandalam Health Insurance Limited has applied for striking off its name from the Registrar of Companies

**Part B - Associates and Joint Ventures**

SN.	Particulars / Name of the Associate & Joint Venture company	Cholamandalam MS Risk Services Limited (Joint Venture Company)	White Data Systems Private Limited	Vishvakarma Payments Private Limited
		Associates of CIFCL		
1	Latest Audited Balance Sheet Date	31-Mar-21	31-Mar-21	31-Mar-21
2	Share of Associate / Joint Venture held by the company on the year end			
	No. of Shares	9,89,979	12,75,917	2,100
	Amount of Investment (₹ in Cr.)	0.99	8.00	0.0021
	Extent of Holding (%)	49.50%	30.87%	21.00%
3	Description of how there is significant influence	By way of shareholding	By way of shareholding	By way of shareholding
4	Reason why the Associate / Joint venture is not consolidated	Not applicable	Not applicable	Not applicable
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in Cr)	26.04	10.65	0 *
6	Profit / (Loss) for the year (₹ in Cr)	1.95	(2.30)	0 *
	i. Considered in Consolidation	0.97	(0.53)	0 *
	ii. Not Considered in Consolidation	0.98	(1.77)	0 *

\* Amount involved is less than ₹1 Lakh

**Notes:**

- Names of associates/joint ventures which are yet to commence operations - Vishvakarma Payments Private Limited
- Names of associates/joint ventures which have been liquidated or sold during the year - Nil

**For and behalf of the Board**Sridharan Rangarajan  
DirectorM M Murugappan  
ChairmanPlace : Chennai  
Date : May 14, 2021E Krithika  
Company SecretaryN Ganesh  
Manager & Chief Financial Officer

## Report on Corporate Governance

## ANNEXURE B

Corporate Governance is about transparency, accountability and reliability of any organisation. It is about how an organisation is managed through its business structure, culture and policies to enhance shareholders' value and protect the interests of other stakeholders. Key elements in corporate governance are timely and adequate disclosure, establishment of internal controls and high standards of accounting fidelity, product and service quality.

Cholamandalam Financial Holdings Limited ('CFHL') being a part of Murugappa Group, has always believed in and practiced various elements of corporate governance. It operates on well-defined policies and procedures to maintain highest standards of governance and is committed to uphold the core values of Murugappa Group viz., integrity, passion, responsibility, quality and respect. The Company firmly believes that good corporate governance practices help to enhance its performance and will continue to focus its efforts in maintaining high governance standards.

### BOARD OF DIRECTORS

The Board provides strategic guidance on the affairs of the Company. CFHL's Board comprises of eminent professionals from diverse areas viz., banking, finance, manufacturing, technology and general management. CFHL's independent directors possess several years of experience in financial services industry. They provide independent judgment, external perspective and objectivity on the issues which are placed before them.

### Composition & Changes during the year

The Board has been constituted in an appropriate manner comprising of independent and non-independent directors including a woman director to ensure proper governance and management. The directors are elected based on their qualification and expertise in varied fields as well as industry in which the Company operates.

The size of the Board is commensurate with the size and business of the Company. CFHL's Board comprises of six directors viz., three independent and three non-independent directors. Mr. M M Murugappan, Promoter & Non-Executive Director is the Chairman of the Board.

There is no relationship between the directors inter-se. None of the directors on the Board hold directorships in more than ten public companies. Brief profile of the directors is provided in the annual report for information of the shareholders.

Mr. V Ravichandran, Non-Executive Director, stepped down from the Board with effect from close of business hours on November 11, 2020. Pursuant to the recommendation of the Nomination & Remuneration Committee, the Board appointed Mr. Vellayan Subbiah as an additional director with effect from November 11, 2020.

The composition of the Board is in compliance with the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations').

### Independent Directors

The Independent Directors, Mr. Ashok Kumar Barat, Mr. B Ramaratnam and Mrs. Vasudha Sundaraman have submitted declarations stating that they meet the criteria of independence as stipulated under section 149(6) of the Act and regulation 16(1)(b) of the SEBI Listing Regulations. Based on the declarations received from the independent directors, the Board confirms that in its opinion the independent directors fulfil the conditions specified under the Act and SEBI Listing Regulations and are independent of the management. None of the independent directors serve as an independent director in more than seven listed entities.

In compliance with the provisions of schedule IV of the Act and regulation 25(3) of the SEBI Listing Regulations, during the year two meetings of the independent directors were held on June 15, 2020 and March 30, 2021 without the presence of non-independent directors and members of the management. The meetings were attended by all the independent directors. At the meeting held on March 30, 2021, the independent directors had discussions inter alia on the performance review of the Chairman, non-independent directors and the Board during FY 21 and assessed the quality, quantity and timeliness of flow of information between the management and the Board.

## Directorships and Committee memberships of directors

(i) Details of number of directorships and committee positions held by the directors and their shareholding in CFHL as on March 31, 2021 are given in the table below:

SN.	Name of the Director	Category of directorship	No. of directorships including CFHL (Out of which as Chairman) <sup>1</sup>	No. of committee memberships including CFHL (Out of which as Chairman) <sup>2</sup>	No. of shares held in CFHL <sup>3</sup>
1	Mr. M M Murugappan	Promoter / Chairman / NED	10(3)	3(2)	8,42,405 equity shares of ₹1/- each
2	Mr. Ashok Kumar Barat	NED / ID	8	7(4)	Nil
3	Mr. B Ramaratnam	NED / ID	2	4(3)	Nil
4	Mrs. Vasudha Sundararaman	NED / ID	1	1	Nil
5	Mr. Vellayan Subbiah	Promoter / NED	9(2)	5(1)	Nil
6	Mr. Sridharan Rangarajan	NED	5	3	Nil

NED : Non-Executive Director, ID : Independent Director

Notes:

1 includes directorships in public/private/section 8 companies and excludes foreign companies

2 includes only memberships in Audit Committee and Stakeholders Relationship Committee

3 includes individual holding and holdings in the capacity as karta of HUF

(ii) Details of directorships held by the Board members in other listed entities as on March 31, 2021 are given in the table below:

SN.	Name of the Director	Category of directorship	Listed Entity
1	Mr. M M Murugappan	Chairman / NED	Carborundum Universal Limited
		Chairman / NED	Cholamandalam MS General Insurance Company Limited <sup>#</sup>
		NED	Cyient Limited
2	Mr. Ashok Kumar Barat	NED / ID	Cholamandalam Investment and Finance Company Limited
		NED / ID	Bata India Limited
		NED / ID	DCB Bank Limited
		NED / ID	Birlasoft Limited
		NED / ID	Huhtamaki India Limited
3	Mr. B Ramaratnam	NED / ID	Redington (India) Limited
4	Mrs. Vasudha Sundararaman	NED / ID	-
		ID	SRF Limited
5	Mr. Vellayan Subbiah	Chairman / NED	Cholamandalam Investment and Finance Company Limited
		Chairman / NED	CG Power and Industrial Solutions Limited
		Managing Director	Tube Investments of India Limited
		NED	Shanthi Gears Limited
6	Mr. Sridharan Rangarajan	NED	Cholamandalam MS General Insurance Company Limited <sup>#</sup>

NED : Non-Executive Director, ID : Independent Director

<sup>#</sup> Debt listed entity

## MEETINGS AND ATTENDANCE

The Company has a well-established practice with regard to deciding the dates of meetings. Annual calendar for the meetings of the Board is finalised early in consultation with all Board members. However, in case of urgent business requirements, approval of the Board / Committee is taken by passing resolution(s) through circulation, as permitted by law, which is noted in the subsequent meeting. A minimum of four Board meetings are held each year. Review and approval of financial statements of the company, review of business operations of subsidiary / associate companies, approval of investments and approval of annual business plan constitute the primary business of the Board besides reviewing the compliance matters.

The Company ensures that timely and relevant information are made available to all directors in order to facilitate their effective participation and contribution during the meetings. Six meetings of the Board were held during the year ended March 31, 2021 on the following dates: June 15, 2020, August 12, 2020, November 03, 2020, November 11, 2020, February 05, 2021 and March 30, 2021. Maximum gap between two Board meetings did not exceed one hundred and twenty days during the year.

The Act, read with the relevant rules made there under, facilitates the participation of a director in board / committee meetings through video conferencing or other audio visual means. Accordingly, the Company also provides the option to participate through video conferencing to enable the directors' participation at the meetings. During the year, in view of the travel restrictions and health hazards due to COVID-19 pandemic, option to attend the Board and Committee meetings through video conferencing facility were provided to directors to participate from their remote locations.

The attendance (including attendance through VC) of each director at the Board meetings held during the year ended March 31, 2021, and at the 71<sup>st</sup> Annual General Meeting ('AGM') held on August 12, 2020 is given in the table below:

SN.	Name of the Director	No. of Board meetings attended (no. of meetings held during their tenure)	Attendance at the 71 <sup>st</sup> AGM
1.	Mr. M M Murugappan	6(6)	Present
2.	Mr. Ashok Kumar Barat	6(6)	Present
3.	Mr. B Ramaratnam	5(6)	Present

SN.	Name of the Director	No. of Board meetings attended (no. of meetings held during their tenure)	Attendance at the 71 <sup>st</sup> AGM
4.	Mrs. Vasudha Sundararaman	6(6)	Present
5.	Mr. Sridharan Rangarajan	6(6)	Present
6.	Mr. V Ravichandran <sup>@</sup>	4(4)	Present
7.	Mr. Vellayan Subbiah <sup>\$</sup>	3(3)	Not applicable

<sup>@</sup> Resigned with effect from November 11, 2020

<sup>\$</sup> Appointed with effect from November 11, 2020

## Board - Skills / Expertise / Competencies

The core skills / expertise / competencies identified by the Board which in its opinion are pertinent for effective functioning of the Company are Finance, Governance, Strategy, General Management and Technology.

Areas of expertise of each director of the Company are given in the table below:

Name of the Director	Skills / Expertise / Competencies
Mr. M M Murugappan	Finance, Governance, Strategy, General Management & Technology
Mr. Ashok Kumar Barat	Finance, Governance, Strategy & General Management
Mr. Ramaratnam	Finance, Governance, Strategy & Technology
Mrs. Vasudha Sundararaman	Finance, Governance, Strategy & General Management
Mr. Vellayan Subbiah	Finance, Governance, Strategy, General Management & Technology
Mr. Sridharan Rangarajan	Finance, Governance, Strategy & Technology

## Board Training and Induction

At the time of appointment of a director on the Board, the incumbent director is provided with a directors' handbook comprising the compendium of the role, powers, duties and responsibilities of a director including code of conduct of the Company, the compliance obligations and disclosure requirements under the Companies Act, 2013 and the SEBI Listing Regulations. The handbook also provides the directors with an insight into the Group's practices.



A formal letter of appointment is given to independent directors at the time of appointment which lays the role and duties of an independent director. The terms and conditions of appointment of independent directors is available on CFHL's website at <http://www.cholafhl.com/article/investors/466>. Key regulatory changes are circulated to the Board every quarter as part of agenda notes.

The Company has in place familiarisation programme for directors with regard to their roles, duties, rights, responsibilities in the company. Directors are familiarised with the organisational set-up, businesses including its associate / subsidiary / JV companies, the environment in which it operates and relevant information pertaining to CFHL and the group companies. Details of familiarisation programme are available on CFHL's website at: <http://www.cholafhl.com/article/investors/858>.

### Board Evaluation

Pursuant to the provisions of section 134, schedule IV of the Act and the rules made thereunder and SEBI Listing Regulations, an annual performance evaluation of the Board, individual directors, Committees of the Board and the Chairman has been carried out through an online module with structured assessment forms. The assessment questionnaires covering various parameters were completed by the directors providing feedback on the effectiveness of the Board, Committees, individual directors and the Chairman. The parameters for Board evaluation inter alia include Board's structure, governance, dynamics & functioning and financial reporting process. The criteria for assessment of individual directors inter alia include attendance and effective participation at the meetings and familiarity with the Company's business and policies and the criteria for assessment of Board Committees inter alia include frequency of the meetings and effective functioning of the Committee. The Board carried out evaluation of its own performance, independent directors and its committees. The evaluation of non-independent directors, Board as a whole and the Chairman were carried out by the independent directors at the meeting anchored by the Chairman of the Nomination & Remuneration Committee. At the Board meeting held on March 30, 2021, Chairman of the Board shared the feedback on performance review of the Board and Committees.

### COMMITTEES OF THE BOARD

Various committees have been constituted as per regulatory requirements and to support the Board in

discharging its duties efficiently. The committees of the Board are Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The Board at the time of constitution of committees approves the terms of reference of each committee. Minutes of the meetings of the Committees are placed before the Board for noting.

### Audit Committee

The Committee has been constituted in terms of section 177 of the Act and regulation 18 of the SEBI Listing Regulations.

#### *Brief terms of reference*

- Oversight of the Company's financial reporting process and disclosure of its financial information;
- Review of financial statements and auditors' report;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls and risk management systems;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Review of internal audit scope / plan and findings.

#### *Composition*

The Committee comprises of four members viz., Mr. B Ramaratnam (Chairman), Mr. Ashok Kumar Barat, Mrs. Vasudha Sundararaman and Mr. Sridharan Rangarajan. In order to acquaint the members of the Audit Committee of their roles and responsibilities, a hand book on Audit Committee is provided to members at the time of induction.

#### *Meetings and Attendance*

The Committee met five times during the year ended March 31, 2021. The statutory auditor and internal auditor are invited to attend quarterly meetings of the Committee. The Manager & Chief Financial Officer is invited to attend all meetings of the Audit Committee. During FY 21 the independent directors of the Audit Committee held separate discussions with the statutory auditor without the presence of the management team on June 15, 2020 and November 03, 2020.

The attendance (including attendance through VC) of each member at the committee meetings held during the year is given in the table below:

Name of the Member	Category of directorship	No. of meetings attended (no. of meetings held during their tenure)
Mr. B Ramaratnam	NED / ID	5(5)
Mr. Ashok Kumar Barat	NED / ID	5(5)
Mrs. Vasudha Sundararaman	NED / ID	5(5)
Mr. Sridharan Rangarajan	NED	5(5)

NED : Non-Executive Director, ID : Independent Director

### Nomination & Remuneration Committee

The Committee has been constituted in terms of section 178 of the Act and regulation 19 of the SEBI Listing Regulations.

#### Brief terms of reference

- Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees;
- Identify persons who are qualified to become directors, recommend to the Board any new appointments including re-appointments;
- Formulation of criteria for evaluation of performance of independent directors and the Board;
- Devising a policy on Board diversity;
- Recommend to the Board, the remuneration including commission payable to non-executive directors subject to the statutory limits;
- Implement, administer and monitor the Employee Stock Option Plan / Schemes of the Company.

#### Composition

The Committee comprises of three members viz., Mr. Ashok Kumar Barat (Chairman), Mr. M M Murugappan and Mrs. Vasudha Sundararaman.

#### Meetings and Attendance

The Committee met four times during the year ended March 31, 2021. The attendance (including attendance through VC) of each member at the Committee meetings held during the year is given in the table below:

Name of the Member	Category of directorship	No. of meetings attended (no. of meetings held during their tenure)
Mr. Ashok Kumar Barat	NED / ID	4(4)
Mr. M M Murugappan	NED	4(4)
Mrs. Vasudha Sundararaman	NED / ID	4(4)

NED : Non-Executive Director, ID : Independent Director

#### Policy - Board Diversity, Board Nominations and Remuneration

In compliance with the requirements of the Companies Act, 2013, the Board on recommendation of the Nomination & Remuneration Committee, has adopted the following policies:

- Board Diversity policy;
- Policy on Board nominations;
- Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company.

The Board Diversity Policy sets out the approach to diversity on the Board of the Company in order to ensure a process which is transparent with diversity of thought, experience, knowledge, perspective and gender on the Board.

The Nomination & Remuneration Committee is responsible for identifying persons for nomination as directors and evaluating incumbent directors. The policy for Board nomination lays down qualifications, positive attributes and independence criteria for Board positions and re-appointment of directors. The Board while considering a person for appointment as director, determines suitability of the person based on qualification, track record, expertise, integrity and also ensures that the appointee fulfills the 'fit and proper' status of directors.

The remuneration policy provides a framework to ensure reasonableness and sufficiency of remuneration so that the Company attracts, retains and motivates resources. The policy reflects remuneration philosophy of the group and considers factors to ensure pay structures are appropriately aligned. The above policies are available on the Company's website at <http://www.cholafhl.com/article/investors/600>.

### Remuneration to Directors

The success of any organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and independent directors. The compensation to the non-executive directors takes the form of commission on profits paid in proportion to their tenure on Board. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of the Companies Act, 2013, the actual commission paid to the directors will be restricted to a fixed sum. The sum is reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the directors under various laws and other relevant factors. Due to lower profits during the year, the commission payable to each non-executive director for FY 21 had been proposed at ₹5,00,000/- each proportionate to the period of office of directorship held by them. The non-executive directors are also paid sitting fees subject to the statutory ceiling for all Board and Committee meetings attended by them. Directors are paid sitting fee of ₹50,000/- each for attending every meeting of the Board and Audit Committee and ₹30,000/- each for every meeting of other committees of the Board.

Details of commission payable / sitting fees paid to non-executive directors for the year ended March 31, 2021 are given in the table below:

(in ₹)

Name of the Director	Commission*	Sitting Fees	Total
Mr. M M Murugappan	5,00,000	5,70,000	10,70,000
Mr. Ashok Kumar Barat	5,00,000	7,00,000	12,00,000
Mr. B Ramaratnam	5,00,000	6,20,000	11,20,000
Mrs. Vasudha Sundararaman	5,00,000	6,70,000	11,70,000
Mr. Sridharan Rangarajan	5,00,000	7,00,000	12,00,000
Mr. V Ravichandran®	3,08,219	2,00,000	5,08,219
Mr. Vellayan Subbiah®	1,93,151	1,50,000	3,43,151
<b>Total</b>	<b>30,01,370</b>	<b>36,10,000</b>	<b>66,11,370</b>

\*Commission subject to deduction of tax would be paid after adoption of accounts by shareholders at the 72<sup>nd</sup> AGM

@ Pro-rata commission based on the tenure of directors on the Board

### Stakeholders Relationship Committee

The Committee has been constituted in terms of section 178 of the Act and regulation 20 of the SEBI Listing Regulations.

#### Brief terms of reference

- Formulation of shareholders servicing plans and policies, approval of valid requests for transfer and transmission of shares, splitting and consolidation of shares etc;
- Consider and resolve grievances of security holders of the Company including complaints relating to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc;
- Review adherence to the service standards in respect of various services rendered by the Registrar & Share Transfer Agent;
- Approval of share transfers, transmissions and transpositions and delegation thereof.

#### Composition

The Committee comprises of three members viz., Mr. M M Murugappan (Chairman), Mr. B Ramaratnam and Mr. Sridharan Rangarajan. Ms. E Krithika, Company Secretary is the Compliance Officer.

#### Meetings and Attendance

Two meetings of the Committee were held during the year ended March 31, 2021. The attendance of each member at the committee meetings held during the year is given in the table below:

Name of the Member	Category of the directorship	No. of meetings attended (no. of meetings held during their tenure)
Mr. M M Murugappan	NED	2(2)
Mr. B Ramaratnam	NED / ID	2(2)
Mr. Sridharan Rangarajan	NED	2(2)

### Risk Management Committee

The Committee has been constituted in terms of regulation 21 of the SEBI Listing Regulations.

**Brief terms of reference**

- Review risk management policy and monitor its implementation;
- Review process for systematic identification and assessment of the business risks including cyber security;
- Periodic monitoring of critical risk exposures and report to the Board the details of any significant developments and action taken to manage the exposures.

**Composition**

The Committee comprises of four members viz., Mr. M M Murugappan (Chairman), Mr. B Ramaratnam, Mr. Sridharan Rangarajan and Mr. N Ganesh (Manager & Chief Financial Officer).

**Meetings and Attendance**

The Committee met twice during the year ended March 31, 2021. The attendance of each member at the committee meetings held during the year is given in the table below:

Name of the Member	Category of directorship / Designation	No. of meetings attended (no. of meetings held during their tenure)
Mr. M M Murugappan	NED	2(2)
Mr. B Ramaratnam	NED / ID	2(2)
Mr. Sridharan Rangarajan	NED	2(2)
Mr. N Ganesh	Manager & Chief Financial Officer	2(2)

**Corporate Social Responsibility (CSR) Committee**

The Committee has been constituted in terms of section 135 of the Act and the rules made thereunder. The committee comprises of three members viz., Mr. M M Murugappan (Chairman), Mr. Ashok Kumar Barat and Mr. Sridharan Rangarajan. The Committee meeting was held on June 15, 2020 through VC during the year and all members attended the meeting.

**Brief terms of reference**

- Formulation and recommendation to the Board, a Corporate Social Responsibility Policy, indicating activities to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013;
- Recommendation of CSR budget to the Board;
- Monitor CSR activities undertaken by the Company from time to time.

Section 135 of the Companies Act, 2013 has been amended vide the Companies (Amendment) Act 2020. Pursuant to the amended provisions, since the amount to be spent by the Company does not exceed the threshold limit prescribed under the section, constitution of the CSR Committee shall not apply to the Company. The Board approved dissolution of the CSR Committee with effect from November 3, 2020.

**SUBSIDIARY COMPANIES**

Cholamandalam MS General Insurance Company Limited ('MSGICL') is a material subsidiary of the Company as per regulation 16(1)(c) of the SEBI Listing Regulations. Mr. M M Murugappan and Mr. Sridharan Rangarajan are also on the Board of MSGICL. Pursuant to the SEBI Listing Regulations, policy on material subsidiaries has been formulated by the Board. The policy is available on the Company's website at <http://www.cholafhl.com/article/investors/475>.

Cholamandalam Health Insurance Limited is a subsidiary of the Company ('Chola Health'). Chola Health has made an application for striking off the name from the Register of Companies. The Audit Committee reviews the financial statements of subsidiary / associate / joint venture companies and investments made by the subsidiary companies. Minutes of board meetings of the subsidiary companies are placed before the Board at its quarterly meetings along with a statement of significant transactions and arrangements if any, entered into by them. The Board reviews business performance of major subsidiary and associate companies every half year besides review of its annual business plan.

**RELATED PARTY TRANSACTIONS**

All transactions which were entered into with related parties during the year were in the ordinary course of business and on an arms' length basis. In terms of section 177 of the Act and regulation 23 of the SEBI Listing Regulations, the Audit Committee reviews transactions with related parties every quarter. During the year there were no material transactions entered into with related parties which may have potential conflict with the interest of the Company. Disclosure of transactions with related parties as required under IND AS is given in Note 24 and Note 40 of the standalone and consolidated financial statements respectively.

The Board has formulated a policy on related party transactions. Copy of the policy is available on CFHL's website at: <http://www.cholafhl.com/article/investors/476>.

## CRITERIA FOR APPOINTMENT IN SENIOR MANAGEMENT

The Nomination & Remuneration Committee is responsible for identifying persons who are qualified to be appointed in senior management. In terms of section 178 of the Act, the Committee has formulated criteria for appointment of personnel in senior management comprising attributes viz., personal traits, competencies experience and background. These attributes are considered for nominating candidates in senior management position.

## SUCCESSION PLANNING

Competencies are available at group level to ensure planned succession for appointments to the Board and to senior management.

## MEANS OF COMMUNICATION

The audited as well as un-audited financial results of the Company are informed to the Stock Exchanges as soon as these are approved by the Board. Financial results are published in English in 'Business Standard' and 'The New Indian Express' and in Tamil in 'Dinamani'. A press release is given along with the publication of the quarterly / annual results, explaining the business environment and performance in order to enable the investing community to understand the financial results better.

The financial results, shareholding pattern, corporate governance report, corporate announcements and other communications to stock exchanges are available under the 'Investors' section on the Company's website. The investors' presentation and call transcripts are also posted on the Company's website. Disclosures and other communications are intimated in electronic mode through web portals of stock exchanges for dissemination of such information to the public at large.

The Company sends annual report, intimation of dividend payment, notices for general meetings and postal ballot by e-mail to those shareholders whose e-mail addresses are registered with the Company / Depository Participants and in hard copies to those shareholders whose e-mail addresses are not registered. In view of COVID-19 pandemic and as permitted by the Ministry of Corporate Affairs, the Annual Report for FY 20-21 and the notice for 72<sup>nd</sup> AGM is being sent by the Company in electronic form to the registered e-mail addresses of the shareholders. Shareholders who have not registered their e-mail address, may refer the procedure provided in the notice for 72<sup>nd</sup> AGM of the Company, to obtain the aforesaid documents.

## INVESTOR SERVICE

The Company attends to investors' queries / grievances in a timely manner and valid requests for share transfers and transmissions are processed within the regulatory time frame. KFin Technologies Private Limited ('KFin') is the Company's Registrar and Share Transfer Agent. Share transfers, transmissions, issue of duplicate share certificate(s), etc., as well as requests for dematerialisation / rematerialisation are processed by KFin at periodical cycles. During the year, four investor complaints were received and the complaints were resolved / disposed off. No complaints were pending as at March 31, 2021. In order to expedite the redressal of complaints, investors are requested to register their complaints to the exclusive e-mail address: [investorservices@cfhl.murugappa.com](mailto:investorservices@cfhl.murugappa.com) for monitoring follow up action taken.

## STATUTORY COMPLIANCE

The Company has systems in place to remain updated with changes in statutes and the means of compliance. An affirmation regarding compliance with the applicable statutes by the Compliance Officer is placed before the Board on a quarterly basis besides circulation of compliance highlights along with the agenda notes.

## INTERNAL CONTROLS

The Company is conscious of the importance of internal processes and controls. The Company has adequate internal control systems and review mechanism in place commensurate with the nature of its business and size. These systems are regularly reviewed and improved upon. A certificate from the Manager & Chief Financial Officer with regard to financial statements and internal control systems has been submitted to the Board in terms of regulation 17(8) of the SEBI Listing Regulations.

## DISCLOSURES REGARDING COMMODITY PRICE RISK AND HEDGING ACTIVITIES

CFHL being an investment company does not have exposure to commodity risks and hedging activities.

## WHISTLEBLOWER / VIGIL MECHANISM

The Company has established a whistleblower / vigil mechanism for the employees and the directors as an avenue to voice concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. Report from Ombudsperson is placed before the Audit Committee every quarter. The

mechanism also provides for adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in exceptional cases. During the year, no personnel have been denied access to the Audit Committee.

### DIVIDEND DISTRIBUTION POLICY

The Company has formulated a dividend distribution policy as required under regulation 43A of the SEBI Listing Regulations. Copy of the policy is available on the website at:

<http://www.cholafhl.com/article/investors/601>.

### CODE OF CONDUCT

The Board has laid down a code of conduct for all directors and senior management of the Company as required under regulation 17 of the SEBI Listing Regulations. The code is available on the Company's website at <http://www.cholafhl.com/article/investors/33>

The directors and the senior management personnel have furnished affirmation of compliance with the code for the year ended March 31, 2021. A declaration of affirmation in this regard certified by the Manager & Chief Financial Officer, is annexed to this report.

### PREVENTION OF INSIDER TRADING

The Company has framed and adopted a code of conduct to regulate, monitor and report trading by designated persons in the securities of the Company (Code for designated persons), as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'). The Code requires pre-clearance for dealing in the Company's shares for all transactions by the designated persons and prohibits the purchase or sale of Company securities by designated persons while in possession of unpublished price sensitive information ('UPSI') in relation to the Company. Further, trading in Company's securities is also prohibited for designated persons during the period when the trading window is closed. A policy containing procedures for conduct of inquiry in case of leakage of UPSI or suspected leakage of UPSI forms part of the Code for designated persons.

Further, in terms of the aforesaid regulations, the Company has formulated a code for fair disclosure of UPSI and a policy for determination of 'legitimate purposes' for communicating / procuring UPSI. The Code for fair disclosure is available on the Company's website at <http://www.cholafhl.com/article/investors/493>.

### FEES PAID TO STATUTORY AUDITOR / NETWORK FIRM / NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, for the year ended March 31, 2021 is furnished in the table below:

₹ in Crore	
Particulars	Amount
Fees for audit and related services paid to M/s. S.R.Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part	1.30
Other fees paid to M/s S.R. Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part	0.77
<b>Total</b>	<b>2.07</b>

### COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with all mandatory requirements of corporate governance norms as required under the SEBI Listing Regulations. The quarterly financial results were published in leading newspapers and uploaded on the Company's website and any major developments were covered in the press releases issued by the Company and also posted on the Company's website. The Company has complied with the following discretionary requirements of the SEBI Listing Regulations: a) for the Financial Year 2020-21, the Company's financial statements are with unmodified audit opinion b) the Internal Auditor directly reports to the Audit Committee.

### CERTIFICATION FROM THE STATUTORY AUDITORS

The statutory auditors have issued a certificate regarding compliance with the provisions relating to corporate governance as per Chapter IV of the SEBI Listing Regulations. The certificate is annexed to this report.

### CERTIFICATION FROM THE PRACTICING COMPANY SECRETARY

In terms of the SEBI Listing Regulations, M/s Srinidhi Sridharan & Associates, Practicing Company Secretaries, have issued a certificate that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company, by the Securities and Exchange Board of

India / Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed to this report.

### OTHER DISCLOSURES

A Management Discussion and Analysis Report highlighting the performance of individual businesses forms part of the Board's Report. The Company has complied with all regulatory requirements. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India or any statutory authority, on any matter relating to the capital markets. The Company has not raised any funds through preferential allotment or qualified institutional placement during the

year. There was no instance of non-acceptance by the Board of any recommendations of its Committees during the year.

### GENERAL SHAREHOLDER INFORMATION

A separate section forms part of the Annual Report furnishing other details viz., last three Annual General Meetings, its time and venue, share price movement, distribution of shareholding etc., for shareholders' reference.

On behalf of the Board

Place : Chennai  
Date : May 14, 2021

**M M Murugappan**  
Chairman

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## Annexure to the Report on Corporate Governance

### Declaration on Code of Conduct

#### To the Members of Cholamandalam Financial Holdings Limited

This is to confirm that the Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2021, as envisaged in regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Chennai  
Date : May 14, 2021

**N Ganesh**  
Manager & Chief Financial Officer

## Annexure to the Report on Corporate Governance

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

#### The Members of Cholamandalam Financial Holdings Limited

1. The Corporate Governance Report prepared by Cholamandalam Financial Holdings Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021 as required by the Company for annual submission to the Stock exchange.

#### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 1, 2020 to March 31, 2021:



- (a) Board of Directors;
  - (b) Audit Committee;
  - (c) Annual General Meeting (AGM);
  - (d) Nomination and Remuneration Committee;
  - (e) Stakeholders Relationship Committee;
  - (f) Risk Management Committee;
  - (g) Corporate Social Responsibility Committee
- v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### Opinion

- 9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

#### Other matters and Restriction on Use

- 10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- 11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAADC4098

Place : Chennai

Date : May 14, 2021

## Annexure to the Report on Corporate Governance

### Certificate of Non-Disqualification of Directors

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

**The Members,**

**CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

CIN: L65100TN1949PLC002905

DARE HOUSE, NO.234, N S C BOSE ROAD,

CHENNAI - 600001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED (CIN: L65100TN1949PLC002905)** having its Registered Office at Dare House, No.234, N S C Bose Road, Chennai - 600001 (hereinafter referred to as "The Company") produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34 (3) read with Schedule V Part-C Sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal [www.mca.gov.in](http://www.mca.gov.in)) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below on the Board of the Company as on 31<sup>st</sup> March 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such other statutory authority.

SN.	DIN	NAME OF THE DIRECTOR	DESIGNATION	DATE OF APPOINTMENT
1.	00170478	M M Murugappan	Non-Executive - Chairman	11/11/2017
2.	00492930	Ashok Kumar Barat	Non-Executive - Independent Director	01/08/2018
3.	01814413	Sridharan Rangarajan	Non-Executive - Non-Independent Director	30/08/2018
4.	07525213	Balasubramanyan Ramaratnam	Non-Executive - Independent Director	18/03/2019
5.	06609400	Vasudha Sundararaman	Non-Executive - Independent Director	12/02/2020
6.	01138759	Vellayan Subbiah	Non-Executive - Non Independent Director	11/11/2020

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

For **Srinidhi Sridharan & Associates**  
Company Secretaries

**CS Srinidhi Sridharan**

CP No. 17990

ACS No. 47244

UIN: S2017TN472300

UDIN: A047244C000302620

Place : Chennai

Date : May 14, 2021

## General Shareholder Information

### REGISTERED OFFICE

'Dare House', No. 234, NSC Bose Road,  
Chennai 600 001

### CORPORATE IDENTIFICATION NUMBER (CIN)

L65100TN1949PLC002905

### ANNUAL GENERAL MEETING

Day : Wednesday

Date : August 04, 2021

Time : 3.30 pm

Mode : Pursuant to the MCA General Circular nos. 20/2020, 14/2020, 17/2020, 02/2021, the 72<sup>nd</sup> Annual General Meeting ('AGM') of the Company will be held through Video Conferencing ('VC').

### FINANCIAL YEAR

April 1 to March 31

### TENTATIVE CALENDAR FOR FY 2021-22

The tentative financial calendar for Board meetings and AGM of the Company is given below:

Un-audited financial results for the quarter ending 30 <sup>th</sup> June, 2021	August 2021
Un-audited financial results for the quarter / half year ending 30 <sup>th</sup> September, 2021	November 2021
Un-audited financial results for the quarter ending 31 <sup>st</sup> December, 2021	February 2022
Audited financial results for the quarter / year ending 31 <sup>st</sup> March, 2022	May 2022
73 <sup>rd</sup> Annual General Meeting	August / September 2022

### DATES OF BOOK CLOSURE

Thursday - July 29, 2021 to Wednesday - August 04, 2021 (both days inclusive)

### DIVIDEND PAYMENT DATE

The Board of Directors have recommended a final dividend @ 55% being ₹0.55 per equity share of face value of ₹1/- each for FY 21. The dividend will be paid on or before September 2, 2021, upon approval by the shareholders at the 72<sup>nd</sup> AGM .

### LISTING ON STOCK EXCHANGES

Equity shares of the Company are listed on the following stock exchanges:

Stock Exchanges	Address	Stock / Scrip Code
National Stock Exchange of India Limited	Exchange Plaza, 5 <sup>th</sup> Floor, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051.	CHOLAHLDNG
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.	504973

Annual listing fee for FY 22 has been paid to the above Stock Exchanges.

### REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Private Limited ('KFin') is the Registrar and Share Transfer Agent ('RTA') of the Company. The shareholders are requested to address their share related requests / queries to the RTA.

#### Contact details of RTA

KFIN Technologies Private Limited  
Selenium Building, Tower - B, Plot No.31 & 32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad - 500032  
Phone: 040-67162222/1680; Fax: 040 - 2342 0814  
Toll free: 1800-309-4001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: <https://www.kfintech.com/>  
Contact person : Mr. Rajkumar Kale, AGM

### DEBT SECURITIES

During the year the Company has issued unsecured, redeemable non-convertible debt instruments aggregating to ₹150 Crore on private placement basis. The securities are listed in the Wholesale Debt Market ('WDM') Segment of NSE.

### CREDIT RATING

The Company has been assigned IND AA+/Stable by India Ratings and Research Private Limited for its unsecured debt instruments issued during the year.

### DEBENTURE TRUSTEE

The Company has appointed IDBI Trusteeship Services Limited, a SEBI registered Trust Management Company

as the agent and trustee for and on behalf of the debenture holders.

#### Contact details of the Debenture Trustee:

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001  
Phone : 022-40807073  
E-mail : [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)  
Website : <https://idbitrustee.com/>  
Contact person : Ms. Jinal Shah

#### UNCLAIMED DIVIDENDS

Pursuant to the provisions of section 124 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended, companies are required to transfer dividends which remain unpaid or unclaimed for seven consecutive years or more, from the unpaid dividend account to the Investor Education and Protection Fund ('IEPF'). Further, IEPF Rules mandate that the shares on which dividend has not been claimed / encashed for seven consecutive years or more be transferred to the demat account of the IEPF.

Details of dividend paid by the Company and the respective due dates for transfer of the unclaimed/ un-encashed dividend to the IEPF is given in the table below:

Financial year to which the dividend relates	Date of Declaration	Due date for transfer to IEPF
2013-14 Final	06.08.2014	11.09.2021
2014-15 Interim	04.02.2015	12.03.2022
2014-15 Final	10.08.2015	16.09.2022
2015-16 Interim	04.02.2016	12.03.2023
2015-16 Final	08.08.2016	13.09.2023
2016-17 Interim	06.02.2017	14.03.2024
2017-18 Interim	05.02.2018	12.03.2025
2017-18 Final	31.07.2018	06.09.2025
2018-19 Interim	04.02.2019	12.03.2026
2018-19 Final	01.08.2019	07.09.2026
2019-20 Interim	26.02.2020	03.04.2027

The Company sends periodic intimation to the shareholders concerned, advising them to claim unpaid dividend from the Company. The Company also publishes notices in newspaper informing the members the due date for transfer of dividend and shares to the IEPF. Dividends upto interim dividend for FY 2013-14 has

been transferred to the IEPF. Members are requested to contact the Company or the Company's RTA to claim the unpaid dividend within the prescribed period.

Details of unclaimed / unpaid dividends lying with the Company as on March 31, 2020 is available on the Company's website at [www.cholafhl.com/investors/706](http://www.cholafhl.com/investors/706) and the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in). No claim shall lie against the Company for the amounts so transferred nor shall any payment be made in respect of such claims.

#### TRANSFER OF SHARES TO IEPF

During the year pursuant to the IEPF Rules 38,866 equity shares of ₹1/- each pertaining to 60 shareholders were transferred to the demat account of IEPF. Members / claimants may claim their shares and dividend transferred to the IEPF including benefits accruing on such shares, if any, by following the procedure for refund as detailed on the website of IEPF at [www.iepf.gov.in](http://www.iepf.gov.in). Details of the nodal officer of the Company for the purpose of IEPF is available on the Company's website. During the year, three claims aggregating to 960 shares were processed by the IEPF Authority and refunded to the shareholders. 7,82,851 equity shares were lying in the demat account of IEPF as on March 31, 2021.

#### INSTRUCTIONS TO THE SHAREHOLDERS

##### (a) Share Transfer

As per SEBI mandate, effective April 1, 2019, physical transfer of shares of listed companies is not permissible. Shareholders who wish to transfer their shares shall have their holdings converted in demat form. Therefore requests for transmission and transposition of shares alone will be accepted by the Company and KFin. The shareholders holding shares in physical form are requested to consider having their shares dematerialised at the earliest to avoid inconvenience in future and avail the benefits of dematerialisation.

##### (b) Change of address and updation of bank account details

Shareholders holding shares in physical form are requested to notify change in their address along with details of PIN to the Company's RTA, KFin for facilitating them to forward communications and dividend warrants from the Company to the latest address. Shareholders are also advised to intimate change in bank account details to KFin to enable

them to process dividend payments electronically. Shareholders holding shares in demat form may notify change in their addresses and bank account details to their Depository Participant(s).

Shareholders can make use of National Automated Clearing House ('NACH') facility to receive dividends directly to their bank accounts thereby avoiding the hassles relating to handling of physical warrants / cheques besides elimination of risk of loss in postal transit or fraudulent encashment. Therefore, shareholders are requested to provide bank account details to depository participant / RTA, as the case may be, to process dividend payments through NACH mode. In case of non availability of bank account details, dividend is paid to shareholders by way of warrants / cheques / demand drafts.

#### (c) Updation of PAN

SEBI has mandated the submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / KFin.

#### (d) Dividend payment

Pursuant to amendment in the Finance Act, 2020, with effect from April 1, 2020, dividends declared by the Company will be taxed in the hands of the shareholders. Accordingly, final dividend for FY 21 upon approval by the shareholders at the forthcoming AGM will be paid to the shareholders after deduction of tax at the applicable rate prescribed under the Income Tax Act, 1961. The shareholders are requested to update their PAN with the Company or KFin (in case of shares held in physical mode) and with depositories (in case of shares held in demat mode). In the absence of PAN, the Company would be required to deduct tax at a higher rate prescribed under the Income Tax Act, 1961. Hence, members who have not furnished their PAN to the Company are requested to immediately submit a copy of their PAN to the Company. Members seeking non-deduction of tax on their dividends may submit Form 15G / 15H as applicable to the Company on

a yearly basis. The formats of Form 15G / Form 15H are available on the Company's website at <http://www.cholafhl.com/investors/983>

In case of any clarification in this regard, members may send a mail to the Company at [investorservices@cfhl.murugappa.com](mailto:investorservices@cfhl.murugappa.com)

#### (e) Green Initiative

In order to conserve paper and environment, the Ministry of Corporate Affairs has allowed and envisaged the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Board's Reports, Auditors' Reports, etc., henceforth to their shareholders electronically as a part of its Green Initiative in Corporate Governance. Shareholders can avail e-communication facility by registering their e-mail address with the Company by sending a request mail to [investorservices@cfhl.murugappa.com](mailto:investorservices@cfhl.murugappa.com) or to the RTA at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

#### DETAILS OF SHAREHOLDERS' COMPLAINTS

Complaints relating to	Received during the year	Resolved / Disposed off during the year	Pending as at end of the year
Dividends	2	2	Nil
Transmission of shares	2	2	Nil

#### NOMINATION FACILITY

Individual shareholders holding shares in physical form may avail the nomination facility under section 72 of the Companies Act, 2013. The nomination form (Form SH.13), along with instructions, will be provided to the members on request. Shareholders holding shares in dematerialized form are requested to forward their nomination instructions to the concerned Depository Participants. Nomination is optional and can be cancelled or varied by a shareholder at any time.

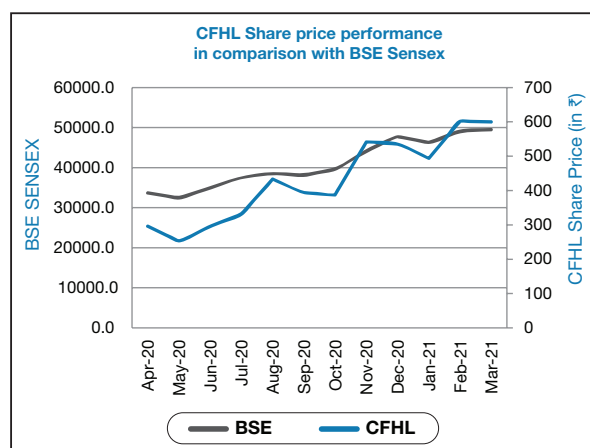
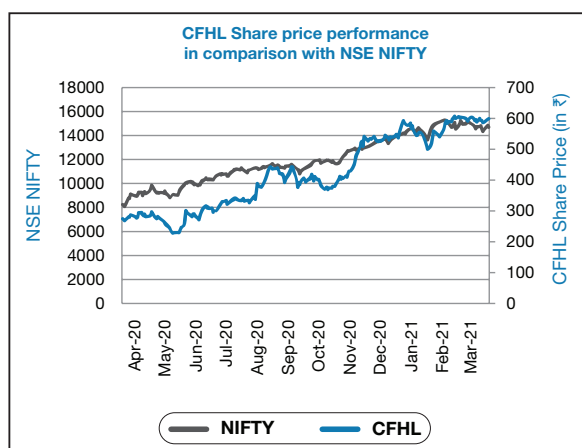
#### GDR DETAILS

As at March 31, 2021, 23,460 Global Depository Receipts ('GDRs') were outstanding representing an equal number of underlying Equity Shares. The GDRs stand delisted/withdrawn for trading from Luxembourg Stock Exchange, effective May 18, 2011.

## SHARE PRICE DATA

Monthly high and low price of the Equity Shares of the Company during 2020-21 are as follows:

Month	National Stock Exchange of India Ltd.			BSE Ltd.		
	High(in ₹)	Low(in ₹)	Volume	High(in ₹)	Low(in ₹)	Volume
Apr-20	318.80	249.40	2979006	306.00	250.00	1257751
May-20	297.00	222.35	1118362	292.80	222.00	43063
Jun-20	329.95	247.55	2103314	326.00	248.30	163850
Jul-20	351.00	295.40	1108732	352.00	286.10	45518
Aug-20	459.75	325.00	2166914	457.95	324.80	90409
Sep-20	450.00	371.05	991776	448.00	371.00	49008
Oct-20	424.00	362.90	1120853	430.40	362.10	47330
Nov-20	580.00	385.25	2990133	579.45	384.55	109295
Dec-20	564.45	506.50	4784508	556.00	507.00	66450
Jan-21	597.50	434.10	6513730	597.00	486.50	361955
Feb-21	618.90	487.60	3019136	614.50	489.30	97507
Mar-21	619.95	574.40	2384082	618.30	574.45	84916



## SHAREHOLDING PATTERN AS ON MARCH 31, 2021

Category	No. of shares	% of shareholding
Promoter & Promoter Group	9,15,92,339	48.79
Mutual Funds /UTI	4,66,56,963	24.86
Banks, Financial Institutions, Insurance Companies	38,22,366	2.04
Foreign Institutional Investors	2,02,40,932	10.78
Bodies Corporate	30,63,760	1.63
Resident Individuals	1,88,74,735	10.06
Bank of New York Mellon (Depository for GDR holders)	23,460	0.01
NRI and Others	34,48,427	1.83
<b>Grand Total</b>	<b>18,77,22,982</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021**

Category (Shares)	No. of shareholders	% to shareholders	No. of shares	% to Equity
Upto 1 - 5000	21,193	96.38	91,82,729	4.89
5001 - 10000	312	1.42	22,71,248	1.21
10001 - 20000	173	0.79	24,75,298	1.32
20001 - 30000	64	0.29	15,49,994	0.83
30001 - 40000	34	0.15	11,91,956	0.63
40001 - 50000	21	0.10	9,45,336	0.50
50001 - 100000	39	0.18	27,07,835	1.44
100001 & Above	151	0.69	16,73,98,586	89.18
<b>Total</b>	<b>21,987</b>	<b>100.00</b>	<b>18,77,22,982</b>	<b>100.00</b>

**DEMATERIALIZATION OF SHARES**

The equity shares of the Company are available for trading in dematerialised form. Code number allotted by the National Securities Depository Ltd ('NSDL') and Central Depository Services (India) Ltd ('CDSL') to Cholamandalam Financial Holdings Limited is ISIN INE149A01033. Distribution of shareholding as at March 31, 2021 is given below:

Shareholding Mode	No. of shareholders	% to shareholders	No. of shares	% to Equity
Physical	675	3.07	10,92,991	0.58
Demat / Electronic	21,312	96.93	18,66,29,991	99.42
<b>Total</b>	<b>21,987</b>	<b>100.00</b>	<b>18,77,22,982</b>	<b>100.00</b>

**RECONCILIATION OF SHARE CAPITAL AUDIT**

The Company obtains a certificate on quarterly basis, from the Company Secretary in practice on reconciliation of share capital audit with regard to the total admitted equity share capital with NSDL and CDSL and those held in physical form, with the issued and listed capital under regulation 55A of the SEBI (Depositories and Participants) Regulation, 1996. The certificate is submitted to the stock exchanges and placed before the Board at its quarterly meetings.

**COMMODITY PRICE RISK / FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

The Company is into investment business and has no exposure to commodity price risk and commodity hedging activities. Foreign currency trade exposures are monitored regularly.

**DETAILS OF SPECIAL RESOLUTIONS PASSED DURING THE LAST THREE ANNUAL GENERAL MEETINGS**

Date of AGM	Whether any special Resolution was passed	Particulars
July 31, 2018	No	-
August 1, 2019	Yes	Approval of remuneration by way of commission to Non-Executive Directors
August 12, 2020	No	-

The shareholders approved the said special resolution with requisite majority.

**POSTAL BALLOT**

No postal ballot was conducted during the FY 20-21. Further, at present, there is no proposal to pass any resolution through postal ballot.

## GENERAL BODY MEETING

The date, time and venue of the last three Annual General Meetings are given in the table below:

Year	Date	Time	Venue
2017-18	July 31, 2018	3.00 PM	TTK Auditorium, The Music Academy , No.168 (Old No.306), T T K Road, Chennai- 600 014
2018-19	August 1, 2019	3.00 PM	
2019-20	August 12, 2020	3.30 PM	Held through Video Conferencing

## UNCLAIMED SHARES

In accordance with regulation 34(3) and Schedule V - Part F of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details in respect of equity shares lying in the Unclaimed Suspense Account of the Company are given in the table below:

SN.	Particulars	No. of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 01.04.2020	960	8,97,356
2	Number of shareholders who approached for transfer of their shares from the Unclaimed Suspense Account during the year	26	28,635
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	26	28,635
4	Number of shareholders whose shares were transferred to the Investor Education & Protection Fund during the year	43	27,635
5	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31.03.2021	891	8,41,086

Shareholders who continue to hold the share certificates with face value of ₹10 / ₹2 each are entitled to claim the Equity Shares with face value of ₹1/- each from the Unclaimed Suspense Account. The voting rights on the shares outstanding in the suspense account as on March 31, 2021 shall remain frozen till the rightful owner of such share claims the shares. On receipt of the claim, the Company will, after verification, arrange to credit the Equity Shares to the demat account of the shareholder concerned or deliver the share certificate to the shareholder in physical mode after re-materialisation.

### Contact details:

For assisting and handling investor grievances:

Mrs. E Krithika

Compliance Officer & Company Secretary

'Dare House', No.234, NSC Bose Road, Chennai - 600 001

E-mail : [investorservices@cfhl.murugappa.com](mailto:investorservices@cfhl.murugappa.com), [krithikae@cfhl.murugappa.com](mailto:krithikae@cfhl.murugappa.com)

Phone : 044 - 4090 7638

Fax : 044 - 4211 0404



## ANNEXURE C

## Annual Report on Corporate Social Responsibility (CSR) Activities

## 1. Brief outline on CSR Policy of the Company:

The Murugappa Group is known for its tradition of philanthropy and community service. The Company being part of the Murugappa Group, has been earmarking a part of its income for carrying out its social responsibilities. The Company's philanthropic endeavours are a reflection of its spiritual conscience and this provides it a way to discharge its responsibilities to various sections of the society.

The CSR policy of the Company inter alia provides for identification of CSR projects and programs, modalities of execution and monitoring process. The policy gives an overview of the projects or programs, which would be undertaken by the Company from time to time. Key focus areas during the year were a) Promoting health care b) Livelihood enhancement of economically backward people c) Setting up homes for women and orphans.

## 2. Composition of CSR Committee\*

SN.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	M M Murugappan	Chairman/ Non-Executive	1	1
2	Ashok Kumar Barat	Director/ Independent	1	1
3	Sridharan Rangarajan	Director/Non-Executive	1	1

3. Provide the web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <http://www.cholafhl.com/article/profile/967>

## 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

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

SN.	Financial Year	Amount available for set-off from preceding financial years (₹ in lakhs)	Amount required to be set – off for the financial year, if any (₹ in lakhs)
Nil			

## 6. Average net profit of the company as per section 135(5): ₹888 Lakh

## 7. (a) Two percent of average net profit of the company as per section 135(5): ₹18 Lakh

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

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

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹18 Lakh

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

Total amount spent for the financial year. (₹ in lakhs)	Amount Unspent (in ₹)				
	Total amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
18.00	Nil		Not Applicable		

\* CSR Committee has been dissolved effective November 3, 2020

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number

Nil

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SN.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Upliftment of wellbeing of artisans	Livelihood enhancement projects	Yes	Karnataka	Bangalore	2.50	No	Uthhan Trust	
2	Upgradation of ICU with medical equipments for hospitals	Promoting health care including preventive health care and sanitation	Yes	Tamil Nadu/ Andhra Pradesh	Chennai/ East Godavari	14.50	No	AMM Foundation	CSR00000050
3	Home for mentally challenged destitutes	Setting up homes and hostels for women and orphans	Yes	Tamil Nadu	Chennai	1.00	No	Sri Arunodayam Charitable Trust	CSR00001030

**(d) Amount spent in Administrative Overheads: Nil****(e) Amount spent on Impact Assessment, if applicable: Nil****(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹18 Lakh****(g) Excess amount for set off, if any:**

SN.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	18 Lakh
(ii)	Total amount spent for the Financial Year	18 Lakh
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	Nil

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

SN.	Preceding financial year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in lakhs)	Amount spent in the reporting financial year (₹ in lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (₹ in lakhs)
				Name of the Fund	Amount (₹ in lakhs)	Date of transfer	
Nil							

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SN.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in lakhs)	Amount spent on the project in the reporting Financial Year (₹ in lakhs)	Cumulative amount spent at the end of reporting Financial Year. (₹ in lakhs)	Status of the project - Completed / Ongoing
Nil								

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

(a) **Date of creation or acquisition of the capital asset(s):** Not Applicable

(b) **Amount of CSR spent for creation or acquisition of capital asset:** Not Applicable

(c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:** Not Applicable

(d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Not Applicable

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

On behalf of the Board

Place : Chennai  
Date : May 14, 2021

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

## ANNEXURE D

## Information under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) Details of employees in terms of remuneration drawn during the financial year 2020-21 as per Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name (Age)	Designation / Nature of duties	Gross remuneration paid (in ₹)	Qualification and experience (years)	Date of commencement of employment / deputation	Previous employment
N Ganesh (49)	Manager & Chief Financial Officer	83,31,486	B.Com, ACA (25 years)	August 9, 2017	GMAC Financial Services India Limited
E Krithika (41)	Company Secretary	23,62,521	M.Com, ACS (15 years)	August 9, 2017	Cholamandalam MS General Insurance Company Limited

Notes:

- The Company has 2 employees, who are the Key Managerial Personnel (KMPs). Details of the KMPs are furnished in the table above.
- Mr. Ganesh is employed on deputation basis from Cholamandalam Investment and Finance Company Limited (CIFCL). Remuneration of Mr. Ganesh represents the cost of deputation paid to CIFCL. Remuneration of Mrs. Krithika given above includes salary, allowances, company's contribution to provident fund and gratuity fund computed as per Income Tax Act / Rules.
- None of the above employees are related to any director of the Company and hold any shares in the Company.
- None of the above employees are vested with stock options under the Company's Employee Stock Option Schemes.

(ii) Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Designation	Ratio
Mr. M M Murugappan	Chairman	0.20
Mr. Ashok Kumar Barat	Independent Director	0.22
Mr. B Ramaratnam	Independent Director	0.22
Mrs. Vasudha Sundararaman	Independent Director	0.22
Mr. Sridharan Rangarajan	Non-Executive Director	0.22
Mr. V Ravichandran	Non-Executive Director	0.15
Mr. Vellayan Subbiah	Non-Executive Director	0.15

**(iii) Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer & Company Secretary in the financial year:**

Directors are paid sitting fees at the same scale for attending Board and Committee meetings. In addition to sitting fees, a fixed sum is paid as commission to directors, proportionate to their tenure as director on the Board.

Name of the Director	Designation	% increase/ (decrease)
Mr. M M Murugappan	Chairman	(1.8)
Mr. Ashok Kumar Barat	Independent Director	(3.6)
Mr. B Ramaratnam	Independent Director	(6.0)
Mrs. Vasudha Sundararaman	Independent Director	(4.9)
Mr. Sridharan Rangarajan	Non-Executive Director	(4.8)
Mr. V Ravichandran	Non-Executive Director	(20.0)
Mr. Vellayan Subbiah	Non-Executive Director	NA

**Notes:**

1. Remuneration of directors comprises of commission payable for FY 20-21 and the sitting fees paid during the year
2. Directors' remuneration have been annualised
3. Decrease in remuneration of directors is on account of lower commission payable for FY 20-21 compared to the previous year
4. Mr. Vellayan Subbiah appointed as a director with effect from November 11, 2020
5. Mr. V Ravichandran resigned from the Board with effect from close of business hours on November 11, 2020

% increase in remuneration of Key Managerial Personnel: Manager & CFO – 4.5%; Company Secretary – 1.4%

**(iv) Percentage increase in median remuneration of employees in the financial year: 3.4%****(v) Number of permanent employees on the rolls of the Company as on 31.03.2021**

Two employees i.e. Mr. Ganesh, Manager & CFO and Mrs. Krithika, Company Secretary.

**(vi) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

Not applicable since there are no employees other than the managerial personnel.

**(vii) Affirmation**

The Company affirms that the remuneration is in line with its Remuneration Policy.

On behalf of the Board

Place : Chennai

Date : May 14, 2021

**M M Murugappan**  
Chairman

# Secretarial Audit Report

## ANNEXURE E

for the financial year ended 31<sup>st</sup> March 2021

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI(Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]**

The Members,

**CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

CIN: L65100TN1949PLC002905

Dare House, No.234, N S C Bose Road,  
Chennai - 600001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED** [CIN:L65100TN1949PLC002905] (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings under FEMA and hence, the requirement of complying with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under does not arise;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the audit period);
  - d) The Employee Stock Option Plan, 2016 approved under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the audit period); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the audit period);
- (vi) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under various laws which are specifically applicable to the Company and categorized under the following major heads/groups:
- a) Reserve Bank of India Act, 1934, Rules, Regulations, guidelines, circulars, directions, notifications made there under.
  - b) Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016.

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

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

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreement entered into with BSE Limited and the National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors, Woman Independent Director and Independent Directors. The company has appointed “Manager” pursuant to Sections 196 and 203 of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Notice for meetings called for at a shorter notice and notes on agenda which are circulated less than the specified period, necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with. During the year under review, directors have participated in the committees/board meetings through video conferencing, such meetings were properly convened and recorded in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 & 4 of Companies (Meetings of Board and its Powers) Rules, 2014. Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

Based on the verification of the records and minutes, the decisions at the Board / Committee Meetings were taken with the consent of the Board of Directors / Committee Members and no Director / Member had dissented on any of the decisions taken at such Board / Committee

Meetings. Further in the minutes of the General Meeting, the Members who voted against the resolution(s) have been recorded.

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

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

**We further report that** as per the information and explanations provided by the Management, the company

does not have any Material Unlisted Subsidiary(ies) Incorporated in India pursuant to Regulation 16(1)(c) and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We further report that** during the audit period, the Company has issued and allotted 1500 Unsecured, Redeemable, Non Convertible Debentures amounting to ₹10,00,000/- each for cash at par aggregating to ₹150 crores.

For **Srinidhi Sridharan & Associates**  
Company Secretaries

**CS Srinidhi Sridharan**

CP No. 17990

ACS No. 47244

UIN: S2017TN472300

UDIN:A047244C000302501

Place : Chennai

Date : May 14, 2021



# Business Responsibility Report

## ANNEXURE F

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identification Number (CIN)	L65100TN1949PLC002905		
2	Name of the Company	Cholamandalam Financial Holdings Limited		
3	Registered office address	'Dare House', No. 234, NSC Bose Road, Chennai - 600 001		
4	Website	<a href="http://www.cholafhl.com">www.cholafhl.com</a>		
5	E-mail	<a href="mailto:investorservices@cfhl.murugappa.com">investorservices@cfhl.murugappa.com</a>		
6	Financial Year reported	April 1, 2020 to March 31, 2021		
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<b>NIC Code</b>	<b>Group</b>	<b>Description</b>
		K	6430	Investment Activity
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Cholamandalam Financial Holdings Limited ('CFHL') is a Core Investment Company holding investments in group companies.		
9	Total number of locations where business activity is undertaken by the Company	1		
	(a) Number of International Locations (Provide details of major 5)	Nil		
	(b) Number of National locations	1		
10	Markets served by the Company	National		

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital (INR)	₹18.77 Crore
2	Total Turnover (INR)	₹58.14 Crore
3	Total profit after taxes (INR)	₹21.71 Crore
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.83%
5	List of activities in which expenditure in 4 above has been incurred	CSR activities undertaken during the year relate to: a) Promoting health care b) Livelihood enhancement of economically backward people c) Setting up homes for women and orphans.

### SECTION C: OTHER DETAILS

1	Does the Company have any subsidiary company/companies?	Yes. Please refer Board's report for details.
2	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The BR initiatives are undertaken by the respective group companies.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

**SECTION D: BR INFORMATION****1. Details of Director / Directors responsible for BR:**

(a)	Details of the director/directors responsible for implementation of the BR policy/policies	
1.	DIN	01814413
2.	Name	Sridharan Rangarajan
3.	Designation	Director
4.	Telephone Number	044 - 25306204
5.	E-mail Id	<a href="mailto:sridharanr@corp.murugappa.com">sridharanr@corp.murugappa.com</a>
(b)	Details of the BR head	
		Same as above

**2. Principle-wise (as per NVGs) BR Policy/ Policies:**

The 9 areas of business responsibility enunciated under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs are:

Principle ("P")	Area of BR
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability;
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle;
3	Businesses should promote the well-being of all employees;
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized;
5	Businesses should respect and promote human rights;
6	Business should respect, protect and make efforts to restore the environment;
7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner;
8	Businesses should support inclusive growth and equitable development;
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**2a. Details of compliance:**

SN.	Questions	P.1	P.2	P.3	P.4	P.5	P.6	P.7	P.8	P.9
1	Do you have policy/policies for...	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Has the policy been formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Does the policy conform to any national / international standards?	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Indicate the link for the policy to be viewed online?	<a href="http://www.cholafhl.com/article/investors/688">http://www.cholafhl.com/article/investors/688</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Does the Company have in-house structure to implement the policy/policies?	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	x	x	x	x	x	x	x	x	x

**2b. If answer to SI. No. 1 against any principle, is 'No', please explain why:**

SN.	Questions	P.1	P.2	P.3	P.4	P.5	P.6	P.7	P.8	P.9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

**3. Governance related to BR**

a)	Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.	The Company assesses its Business Responsibility performance annually.
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. Business Responsibility Report forms part of the Annual Report. The report is published annually and is available on the website of the Company at <a href="http://www.cholafhl.com/article/profile/971">http://www.cholafhl.com/article/profile/971</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1 - Ethics, Transparency & Accountability**

a)	Does the policy relating to Ethics, Bribery and Corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	Yes. CFHL being a part of the Murugappa Group, is driven by the Group's guiding principles viz., integrity, passion, quality, respect and responsibility. The Company follows ethics, transparency & accountability in its business conduct. The Company has framed a code of conduct and policies to reinforce these values. CFHL's policies generally do not apply to external stakeholders including suppliers, contractors, NGOs etc., however, the Company along with its subsidiaries, associates and JV companies insist on adherence to ethical business practices by such agencies during their business dealings. The subsidiary / associate / joint venture companies are governed by their respective policies.
b)	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.	During the year, four complaints were received from the shareholders, all of which were attended to / resolved. No complaints were pending as at the end of the financial year.

**Principle 2 - Safety and sustainability of goods & services**

a)	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Not applicable. The Company being a Core investment company, it offers financial and risk management services through its subsidiary / associate / joint venture companies. The services offered by these companies enhance the livelihood of people by mitigating financial need and insurance coverage of health and assets.
b)	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	Since the Company's nature of business is financial services, sustainable sourcing is not applicable.
	(i) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?	-
	(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	-
c)	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?	The nature of business of the Company being service oriented and not material resource intensive, sustainable sourcing for Company's products is not applicable.
d)	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	The Company is a holding investment company. Goods and Services are procured from local vendors including communities surrounding the work place, wherever feasible.
e)	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).	Not applicable. However, the Company and its group companies have procedures in place for reduction of paper utilisation and disposal of e-waste in accordance with the applicable laws.

**Principle 3 - Promotion of wellbeing of employees**

a)	Please indicate the total number of employees.	2												
b)	Please indicate the total number of employees hired on temporary/contractual/casual basis.	Nil												
c)	Please indicate the number of permanent women employees.	1												
d)	Please indicate the number of permanent employees with disabilities.	Nil												
e)	Do you have an employee association that is recognized by management?	No												
f)	What percentage of your permanent employees is members of this recognized employee association?	Not applicable												
g)	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table border="1"> <thead> <tr> <th>Category</th> <th>No. of complaints filed during the financial year</th> <th>No. of complaints pending as on end of the financial year</th> </tr> </thead> <tbody> <tr> <td>Child labour/forced labour/involuntary labour</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Sexual harassment</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Discriminatory employment</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table>	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year	Child labour/forced labour/involuntary labour	Nil	Nil	Sexual harassment	Nil	Nil	Discriminatory employment	Nil	Nil
Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year												
Child labour/forced labour/involuntary labour	Nil	Nil												
Sexual harassment	Nil	Nil												
Discriminatory employment	Nil	Nil												

h)	What percentage of your employees were given safety & skill up-gradation training in the last year?	Nil
	- Permanent Employees (includes women employees and employees with disabilities)	Not applicable
	- Casual/Temporary/Contractual Employees	Not applicable

**Principle 4 - Responsiveness towards stakeholders**

a)	Has the Company mapped its internal and external stakeholders?	Yes. The Company has processes and procedures in place to engage with the stakeholders.
b)	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	No. However, the company ensures that there is no discrimination against the marginalized stakeholders.
c)	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	Not applicable

**Principle 5 - Promoting human rights**

a)	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	The Company's policy on human rights is imbibed in its values represented in the five lights guiding the Company, its group companies and their employees across all spheres. The alignment with this value system is expected out of every person dealing with the Company.
b)	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company has not received any stakeholder complaints on human rights issues during the financial year.

**Principle 6 - Protecting the environment**

a)	Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers/ Contractors/NGOs/others.	The Company being a holding investment company, it does not have a direct environmental impact.
b)	Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.?	Not applicable
c)	Does the Company identify and assess potential environmental risks?	Not applicable
d)	Does the Company have any project related to Clean Development mechanism?	Not applicable
e)	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. ?	The Company promotes 'Green Initiative' and sends various communications, including notices and annual report, to its members in electronic mode to their registered e-mail addresses, thus reducing usage of papers. Members have been requested to register their e-mail addresses to receive Annual Report and other communications through e-mail instead of paper mode.
f)	Are the emissions/wastes generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not applicable
g)	Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.	Nil

**Principle 7 - Responsibility towards public and regulatory policy**

a)	Is your Company a member of any trade and chamber or association?	No
b)	Have you advocated/lobbied through above associations for the advancement or improvement of public good?	Not applicable

**Principle 8 - Supporting inclusive growth and development**

a)	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?	Yes. The Company has framed a Corporate Social Responsibility policy (CSR policy). CSR projects / programmes identified in line with the CSR policy are undertaken by the Company. Please refer CSR Report for further details.
b)	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	Yes. Please refer CSR Report.
c)	Have you done any impact assessment of your initiative?	No
d)	What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	Yes. Please refer CSR Report.
e)	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Initiatives are identified based on the requirement of the community such that the benefits out of them are of an enduring nature.

**Principle 9 - Providing value to customers & consumers**

a)	What percentage of customer complaints/consumer cases are pending as on the end of financial year?	Nil
b)	Does the Company display product information on the product label, over and above what is mandated as per local laws?	Not applicable, since the Company is into investment activity.
c)	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?	No
d)	Did your Company carry out any consumer survey/ consumer satisfaction trends?	No. Consumer satisfaction surveys are carried out by the respective group companies.

# STANDALONE FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Financial Holdings Limited

## Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Cholamandalam Financial Holdings Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

### Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to the Board's Report and Management Discussion and Analysis, Corporate Governance and General Shareholder Information and Business Responsibility Report included in the Annual Report but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

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

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

### Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting



records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 26 to the Standalone Ind AS Financial Statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

per **Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAADD8931

Place of Signature: Chennai

Date: May 14, 2021

**Annexure 1 referred to in our report of even date****Re: Cholamandalam Financial Holdings Limited**

- (i) The Company does not have any Property, Plant and Equipment and, accordingly, the requirements under clause 3(i) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments made have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013, and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income tax and Goods and Service Tax (GST). The provisions relating to provident fund, employees' state insurance, duty of customs, cess, wealth tax, duty of excise, value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax and goods and service tax were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax and goods and service tax that have not been deposited on account of any disputes.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by the way of redeemable Non-Convertible Debentures for the purposes for which they were raised. The Company has not raised any money by way of initial public offer / further public offer or term loans
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS Financial Statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him / her.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as

required, under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place of Signature: Chennai  
Date: May 14, 2021

## **ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

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

To the Members of Cholamandalam Financial Holdings Limited,

We have audited the internal financial controls over financial reporting of Cholamandalam Financial Holdings Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Standalone Ind AS

Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these Standalone Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Standalone Ind AS Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly 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 Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

per **Aravind K**

Partner

Membership No: 221268

Place of Signature: Chennai

Date: May 14, 2021

## Standalone Ind AS Balance Sheet

As at March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	3	11.19	9.41
Bank balances other than cash and cash equivalents	3	12.29	33.86
Investments	4	1,279.22	1,278.35
Other Financial Assets	5	-	0.02
		<b>1,302.70</b>	<b>1,321.64</b>
<b>Non-Financial Assets</b>			
Current tax assets (Net)		0.08	0.05
Deferred Tax Asset (Net)		-	0.34
Intangible Assets	6	0.02	0.03
Other Non-Financial Assets	7	0.13	0.04
		<b>0.23</b>	<b>0.46</b>
<b>Total Assets</b>		<b>1,302.93</b>	<b>1,322.10</b>
<b>Equity and Liabilities</b>			
<b>Financial Liabilities</b>			
Debt Securities	8	149.98	-
Borrowings (other than debt securities)	9	-	200.63
Other Payables			
i) Total outstanding dues of micro and small enterprises	33	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		0.62	0.55
Other Financial Liabilities	10	9.76	1.91
		<b>160.36</b>	<b>203.09</b>
<b>Non Financial Liabilities</b>			
Current Tax Liabilities (Net)		1.08	-
Deferred Tax Liabilities (Net)		0.04	-
Provisions	11	0.01	0.01
Other Non Financial Liabilities	12	0.69	0.71
		<b>1.82</b>	<b>0.72</b>
<b>Equity</b>			
Equity Share Capital	13	18.77	18.77
Other Equity	14	1,121.98	1,099.52
<b>Total Equity</b>		<b>1,140.75</b>	<b>1,118.29</b>
<b>Total Equity and Liabilities</b>		<b>1,302.93</b>	<b>1,322.10</b>
Summary of Significant Accounting Policies	2		

The accompanying notes are forming part of the Standalone Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

## Standalone Ind AS Statement of Profit and Loss

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Note No.	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Revenue from Operations</b>	15		
- Interest income		1.50	6.22
- Dividend income		48.60	76.59
- Net gain on fair value changes on financial instruments		-	0.01
- Service Income		7.95	8.06
<b>Total Revenue from operations (I)</b>		<b>58.05</b>	<b>90.88</b>
Other Income (II)	16	0.09	0.02
<b>Total Income (III) = (I)+(II)</b>		<b>58.14</b>	<b>90.90</b>
<b>Expenses</b>			
Finance cost	17	21.66	1.48
Employee Benefits Expense	18	1.07	1.03
Depreciation and amortisation expense	6	0.01	0.01
Impairment of financial instruments		0.05	-
Other Expenses	19	1.45	1.45
<b>Total Expense (IV)</b>		<b>24.24</b>	<b>3.97</b>
<b>Profit Before Tax (V) = (III) - (IV)</b>		<b>33.90</b>	<b>86.93</b>
<b>Income Tax</b>			
- Current Tax	27	12.19	3.60
<b>Net tax expense (VI)</b>		<b>12.19</b>	<b>3.60</b>
<b>Profit for the year (VII) = (V) - (VI)</b>		<b>21.71</b>	<b>83.33</b>
<b>Other Comprehensive income:</b>			
<b>Items that will not be reclassified to statement of profit and loss</b>			
Net gain/(loss) in Fair value on Equity Instruments at Fair Value Through Other Comprehensive Income (FVTOCI)		0.91	(0.69)
Income tax effect of above items		(0.38)	0.08
<b>Other comprehensive income/(loss) for the year, net of tax (VIII)</b>		<b>0.53</b>	<b>(0.61)</b>
<b>Total comprehensive income for the year, net of tax (VII + VIII)</b>		<b>22.24</b>	<b>82.72</b>
<b>Earnings per Equity Share of ₹1 each</b>	25		
Basic		1.16	4.44
Diluted		1.16	4.44
Summary of Significant Accounting Policies	2		

The accompanying notes are forming part of the Standalone Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

## Standalone Ind AS Statement of Changes in Equity

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

a) Equity Share Capital	No of shares	Amount
<b>Balances as on April 1, 2019</b>	18,76,92,234	18.77
Add: Shares amounting to ₹23,796 issued during the year	23,796	0.00
<b>Balances as on March 31, 2020</b>	18,77,16,030	18.77
Add: Shares amounting to ₹6,952 issued during the year	6,952	0.00
<b>Balances as on March 31, 2021</b>	18,77,22,982	18.77

### b) Other Equity

Particulars	Share application money pending allotment	Statutory Reserve	Reserve and Surplus				Other Comprehensive income	Total attributable to equity holders	
			Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve			
<b>Opening Balance as at April 01, 2019</b>	0.30	32.51	19.97	6.15	204.60	346.30	434.46	1.46	1,045.75
Profit for the year	-	-	-	-	-	-	83.33	-	83.33
Other Comprehensive Income for the year, net of income tax	-	-	-	-	-	-	-	(0.61)	(0.61)
Allotment of shares against application money received	(0.30)	-	-	-	-	-	-	-	(0.30)
Addition during the period	-	-	-	-	0.77	-	-	-	0.77
Dividend	-	-	-	-	-	-	(24.40)	-	(24.40)
Dividend Distribution Tax	-	-	-	-	-	-	(5.02)	-	(5.02)
Transfer to reserves from retained earnings during the year	-	16.67	-	-	-	-	(16.67)	-	-
<b>Closing balance as at March 31, 2020</b>	-	49.18	19.97	6.15	205.37	346.30	471.70	0.85	1,099.52
Profit for the period	-	-	-	-	-	-	21.71	-	21.71
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	0.53	0.53
Addition during the year	-	-	-	-	0.22	-	-	-	0.22
Transfer to reserves from retained earnings during the year	-	4.35	-	-	-	-	(4.35)	-	-
<b>Closing balance as at March 31, 2021</b>	-	53.53	19.97	6.15	205.59	346.30	489.06	1.38	1,121.98

Summary of Significant Accounting Policies - Note 2

The accompanying notes are forming part of the Standalone Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Regn No.101049W/E300004

per **Aravind K**

Partner

Membership No: 221268

Place : Chennai

Date : May 14, 2021

**Sridharan Rangarajan**

Director

**E Krithika**

Company Secretary

**M M Murugappan**

Chairman

**N Ganesh**

Manager & Chief Financial Officer

For and on behalf of the Board of Directors



## Standalone Ind AS Cash Flow Statement

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>33.90</b>	<b>86.93</b>
Adjustments for:		
Finance Costs	21.66	1.48
Impairment of financial instruments	0.05	-
Net gain on fair value changes on financial instruments at Fair Value Through Statement of Profit and Loss ('FVTPL')	-	(0.01)
Depreciation and amortisation expense	0.01	0.01
Interest income on Deposits	(1.50)	(6.22)
	20.22	(4.74)
<b>Operating Profit Before Working Capital Changes</b>	<b>54.12</b>	<b>82.19</b>
Adjustments for:		
(Increase)/Decrease in operating Assets		
- Financial Assets	0.02	(0.02)
- Non Financial Assets	(0.09)	0.02
- Investment in Bank Fixed Deposits / Unpaid dividend accounts (net of withdrawals)	21.48	76.22
- Investment in Subsidiaries	-	(324.26)
- Investment in Financial Instruments at FVTPL	-	(0.35)
- Proceeds from Sale of Financial Instruments at FVTPL	-	1.29
	21.41	(247.10)
Increase/(Decrease) in operating liabilities		
- Financial Liabilities	8.19	0.01
- Trade and Other Payables	0.07	0.21
- Non Financial Liabilities	(0.02)	0.04
- Provisions	-	0.01
	8.24	0.27
<b>Cash Flow generated / (used) in Operations</b>	<b>83.77</b>	<b>(164.64)</b>
Finance Costs paid	(22.23)	-
Interest Received on Bank Deposits	1.59	7.48
Income taxes paid (net of refunds)	(11.17)	(3.66)
	(31.81)	3.82
<b>Net Cash generated / (used) in Operating Activities (A)</b>	<b>51.96</b>	<b>(160.82)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of intangible asset	-	(0.04)
<b>Net Cash used in Investing Activities (B)</b>	<b>-</b>	<b>(0.04)</b>

## Standalone Ind AS Cash Flow Statement

As at March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of debt securities at amortised cost	149.94	-
Borrowings other than debt securities at amortised cost	-	199.15
Repayment of Borrowings other than debt securities at amortised cost	(200.00)	-
Proceeds from issue of Share Capital (Including Securities Premium)	0.22	0.47
Dividends Paid (Including Distribution Tax and Unpaid dividends pertaining to earlier periods)	(0.34)	(29.77)
<b>Net Cash from / (used) in Financing Activities (C)</b>	<b>(50.18)</b>	<b>169.85</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>1.78</b>	<b>8.99</b>
Cash and Cash Equivalents at the Beginning of the Year	9.41	0.42
Cash and Cash Equivalents at the End of the Year (Refer Note 3)	11.19	9.41

Summary of Significant Accounting Policies - Note 2

The accompanying notes are forming part of the Standalone Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

## Notes to Standalone Ind AS Financial Statements

### 1. Background and Corporate Information

**Cholamandalam Financial Holdings Limited** (“the Company”) (CIN: L65100TN1949PLC002905) is a Public Limited Company domiciled in India. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Registered Office of the Company is located at Dare House, No.234, NSC Bose Road, Chennai-600 001, Tamil Nadu.

Pursuant to a scheme of arrangement (“the Scheme”) the manufacturing business undertaking of the Company was vested in/ transferred to Tube Investments of India Limited (“the Resulting Company”) vide the order of the National Company Law Tribunal, Chennai (“NCLT”) dated July 17, 2017. The Scheme had an appointed date of April 1, 2016 and came into effect from August 1, 2017. The Company received certificate of registration dated January 06, 2020 as a non-deposit taking Systemically Important Core Investment Company (CIC-ND-SI), from the Reserve Bank of India (“RBI”) to carry on the business as a Non-Banking Financial Institution.

The Company undertakes financial services business through its Subsidiaries - Cholamandalam MS General Insurance Company Limited for general insurance business and Cholamandalam Investment and Finance Company Limited for lending operations. Risk advisory services is carried out through a joint venture entity Cholamandalam MS Risk Services Limited.

The standalone financial statements are presented in Indian Rupees which is also functional currency of the Company and all values are rounded to the nearest crore, except when otherwise indicated.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on May 14, 2021.

#### 1.1 Basis of preparation

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

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

The regulatory disclosures as required by Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 to be included as a part of the Notes to Accounts are prepared based on Ind AS financial statements in line with RBI notification DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020. Refer Note 32 for the disclosures. Also the disclosures required as per DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 is also provided in Note 32.

#### 1.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 21 to the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

#### 1.3 COVID-19 Impact

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

## Notes to Standalone Ind AS Financial Statements

the company's material subsidiary companies. Our assessment based on estimates and judgments considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. However, considering the inherent uncertainty regarding the severity and duration of the pandemic, the actual impact could be different from these estimates. Further, the impact assessment as on date with the available information does not indicate any adverse impact on the ability of the Company to continue as a going concern.

### 2 Significant accounting policies

#### 2.1 Financial instruments – initial recognition

##### 2.1.1 Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The Company recognises debt securities and borrowings when funds reach the Company.

##### 2.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit & Loss (FVTPL), transaction costs are added to, or subtracted from, this amount.

##### 2.1.3 Measurement categories of financial assets and liabilities

The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- FVTPL,
- FVTOCI

#### 2.2 Financial assets and liabilities

##### 2.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Company measures Bank balances, Loans, and other financial investments at amortised cost if both

of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

##### 2.2.2 Business model assessment

The Company determines its business model at the level that best reflects how it manages Company's financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- (i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- (ii) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- (iii) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- (iv) The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

## Notes to Standalone Ind AS Financial Statements

### 2.2.3 The SPPI Test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

### 2.3 Equity instruments (other than investments in subsidiaries, joint ventures and associates as referred to in Note 2.12) at Fair Value Through Other Comprehensive Income (FVTOCI)

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVTOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading but are held for strategic purpose. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such

proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

### 2.4 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking the costs that are an integral part of the EIR.

### 2.5 Derecognition of financial assets and liabilities

#### 2.5.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

#### 2.5.2 Financial liabilities

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

### 2.6 Recognition of Income

- A. Revenue (other than interest income and dividend income covered by Ind AS 109 - Financial Instruments) is measured at fair value of the consideration received or receivable.
- B. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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

## Notes to Standalone Ind AS Financial Statements

for every contract that must be met.

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

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

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

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

### 2.6.1 Brand fee

Brand fee income is recognised as and when the services are rendered in accordance with the terms and conditions of the relevant agreement.

### Interest income and dividend income covered by Ind AS 109

### 2.6.2 Interest income

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR.

### 2.6.3 Dividend Income

Dividend income (including from FVTOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

## 2.7 Taxes

### 2.7.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Appendix C to IND AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities

## Notes to Standalone Ind AS Financial Statements

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of Appendix C to Ind AS 12, the Company considered whether it has uncertain tax positions. The Company is of the view that it is probable that its tax treatments will be accepted by the taxation authorities. Matters addressed in the Appendix did not have an impact on the financial statements of the Company.

### 2.7.2 Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination

and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.8 Share Based Payments

Stock options are granted to the employees of the Resulting Company under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme.

## Notes to Standalone Ind AS Financial Statements

The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees. The compensation cost related to the Stock options allotted are being accounted for by the Resulting Company.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. If the options vests in instalments (i.e., the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

### 2.9 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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.

### 2.10 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 2.11 Determination of Fair value

The Company measures financial instruments at fair value at each balance sheet date.

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

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- ▶ **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the



## Notes to Standalone Ind AS Financial Statements

identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- ▶ **Level 2 financial instruments** – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on

unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

- ▶ **Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

### 2.12 Equity Investment in Subsidiaries and Joint Ventures

Investment in Subsidiaries and Joint Ventures are carried at Cost in the Financial Statements as permitted under Ind AS 27. These investments are assessed for impairment in the manner outlined in Note 2.17

Particulars	Relationship	Country of Incorporation	Proportion of ownership as at March 31, 2021
Cholamandalam Investment and Finance Company Limited	Subsidiary	India	45.47%
Cholamandalam MS General Insurance Company Limited	Subsidiary	India	60.00%
Cholamandalam MS Risk Services Limited	Joint Venture	India	49.50%

### 2.13 Cash and Cash Equivalents

Cash and Cash equivalents comprise 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.

### 2.14 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.

For the purpose of the Statement of cash flows, cash and cash equivalents as defined above, are net of outstanding bank overdrafts, if any, as they are considered an integral part of the cash management of the Company.

### 2.15 Goods and Service Tax (GST) Input Credit

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted, and when there is no uncertainty in availing / utilising the same. Company avails eligible input credit as per the relevant Law and the ineligible credit is set off to respective expense.

### 2.16 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial

## Notes to Standalone Ind AS Financial Statements

recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful life of 3 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### 2.17 Impairment of Financial & Non-Financial Assets

#### Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to

its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### Impairment of Financial Assets

For financial assets for which the Company has no reasonable expectations of recovering either the

## Notes to Standalone Ind AS Financial Statements

entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is provided for / written-off.

### 2.18 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

#### b) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise

price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Lease Liability is disclosed as a part of Other Financial Liabilities.

#### c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company does not apply the lease of low-value assets recognition exemption. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

### 2.19 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.

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note 3 - Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balances with banks:</b>		
- In Current Accounts	9.16	0.07
- In Deposit Accounts - with original maturity of less than 3 months	2.03	9.34
	<b>11.19</b>	<b>9.41</b>
<b>Bank balances other than cash and cash equivalents</b>		
<b>- In Deposit Accounts</b>		
- Original maturity more than 3 months	-	21.23
- Original maturity more than 3 months (Refer Note below)	10.73	10.73
In Unpaid dividend accounts	1.56	1.90
	<b>12.29</b>	<b>33.86</b>

Note: Under lien - as collateral towards interest obligation on borrowing as at March 31, 2020. Refer Note 9. As at March 31, 2021 the loan has been repaid completely and final communication acknowledging the release of lien is awaited and the same is expected to be received in the first quarter of FY 21-22.

### Note 4 - Investments

Particulars	Number		Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Investments at Cost:</b>				
<b>Investments-Equity</b>				
<b>Investment in Subsidiary Companies at Cost</b>				
<b>Equity Shares (Fully Paid) - Quoted</b>				
Cholamandalam Investment and Finance Company Limited (Face value has been converted to ₹2 per share from ₹10 per share on June 18,2019 which resulted in increase in number of shares from 7,25,33,019 to 3,62,665,095 ; Addition during the year 2019-20 - 1,02,20,794 shares)	37,28,85,889	37,28,85,889	1,009.91	1,009.91
<b>Equity Shares (Fully Paid) - Unquoted</b>				
Cholamandalam MS General Insurance Company Limited (Face value of ₹10 per share)	17,92,82,861	17,92,82,861	265.24	265.24
Cholamandalam Health Insurance Limited (Face value of ₹10 per share) (Refer Note-2 below)	-	49,940	-	0.05
<b>Investment in Joint Venture at cost</b>				
<b>Equity Shares (Fully Paid) - Unquoted</b>				
Cholamandalam MS Risk Services Limited (Face value of ₹10 per share)	9,89,979	9,89,979	0.99	0.99
<b>Investments at Fair Value Through Other Comprehensive Income (FVTOCI):</b>				

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Number		Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Equity Shares (Fully Paid) - Quoted</b>				
Coromandel Engineering Co. Ltd. (Face value of ₹10 per share)	4,33,481	4,33,481	1.17	0.51
Carborundum Universal Limited (Face value of ₹10 per share)	6,000	6,000	0.31	0.13
Kartik Investments Trust Limited (Face value of ₹10 per share)	33,790	33,790	0.04	0.04
<b>Equity Shares (Fully Paid) - Unquoted</b>				
Murugappa Management Services Limited (Face value of ₹10 per share)	42,677	42,677	1.56	1.48
<b>Total Investments Equity</b>			<b>1,279.22</b>	<b>1,278.35</b>

Note-1: The Company has designated its equity investments as FVTOCI on the basis that these are not held for trading and held for strategic purposes.

Note-2: The investment has been written off during the financial year 2020-21.

Note-3: All investments represented above are made in India.

### Note 5 - Other Financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - considered good</b> (unless otherwise stated)		
At amortised cost		
Other receivable	-	0.02
	-	<b>0.02</b>

### Note 6 - Intangible Assets

Particulars	Computer software
<b>Gross carrying amount as at March 31, 2019</b>	-
Additions	0.04
Disposals	-
<b>Gross carrying amount as at March 31, 2020</b>	<b>0.04</b>
Additions	-
Disposals	-
<b>Gross carrying amount as at March 31, 2021</b>	<b>0.04</b>
<b>Accumulated Amortisation and impairment</b>	
<b>Balance as at March 31, 2019</b>	-
Amortisation for the year	0.01
Amortisation on disposals	-
<b>Balance as at March 31, 2020</b>	<b>0.01</b>
Amortisation for the year	0.01

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Computer software
Amortisation on disposals	-
<b>Accumulated amortisation and impairment as at March 31, 2021</b>	<b>0.02</b>
<b>Net Written down Value as at March 31, 2020</b>	<b>0.03</b>
<b>Net Written down Value as at March 31, 2021</b>	<b>0.02</b>

### Note 7 - Other Non Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - considered good</b> (unless otherwise stated)		
Prepaid expenses	0.02	0.02
Others	0.11	0.02
	<b>0.13</b>	<b>0.04</b>

### Note 8 - Debt Securities (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - Unsecured (Refer Note 8.1 & 8.2 below)	149.98	-
	<b>149.98</b>	<b>-</b>

#### Note 8.1 - Details of Unsecured, Not guaranteed, Taxable, Non Cumulative, Rated, Redeemable, Non Convertible Debentures - Contractual Principal repayment values

Rate of Interest / Effective Interest rate	Maturity	Amount outstanding
6.20% / 6.23%	March 31, 2022	50.00
6.75% / 6.78%	March 30, 2023	50.00
7.26% / 7.28%	March 30, 2024	50.00

#### Note 8.2

- a) The Debentures are taken in India

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note 9 - Borrowings other than Debt Securities (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Medium Term Loan from Financial Institution - Unsecured (Refer Note 9.1 below)	-	200.63
	-	<b>200.63</b>

#### Note 9.1

- The loan was taken in India
- The loan was repayable in 5 equal annual instalments starting from March 05, 2021
- The Effective Interest Rate of the loan was 11.29% p.a.
- The company had earmarked certain bank deposits as lien towards interest obligation on the borrowing (Refer Note 3).
- The Company did not make any default in payment of principal / interest in the current year.
- The Company had prepaid the entire loan on March 31, 2021.

### Note 10 - Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unpaid Dividends *	1.56	1.90
Others	8.20	0.01
	<b>9.76</b>	<b>1.91</b>
* There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.		

### Note 11 - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Compensated Absences	0.01	0.01
	<b>0.01</b>	<b>0.01</b>

### Note 12 - Other Non Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Liabilities	0.69	0.71
	<b>0.69</b>	<b>0.71</b>

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note 13 - Equity Share Capital

Particulars	March 31, 2021		March 31, 2020	
	Nos.	Amount	Nos.	Amount
<b>AUTHORISED</b>				
Equity Shares of ₹1 each	43,00,00,000	43.00	43,00,00,000	43.00
		<b>43.00</b>		<b>43.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
Equity Shares of ₹1 each	18,77,22,982	18.77	18,77,16,030	18.77
		<b>18.77</b>		<b>18.77</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
At the beginning of the year	18,77,16,030	18.77	18,76,92,234	18.75
Issued during the year (Refer Note below)	6,952	0.00	23,796	0.02
<b>Outstanding at the end of the year</b>	<b>18,77,22,982</b>	<b>18.77</b>	<b>18,77,16,030</b>	<b>18.77</b>

Note : The Company has received an amount of ₹6,952 on allotment of Shares under Employee Stock Options for the year ended March 31, 2021 (₹23,796 for the year ended March 31, 2020)

#### b) Terms/rights attached to Equity shares

The Company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of Interim Dividend.

Repayment of capital will be in proportion to the number of equity shares held.

#### c) Equity Shares held by Holding Company

Particulars	As at March 31, 2021	As at March 31, 2020
Ambadi Investments Limited	7,07,66,595	7,07,66,595

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding in the class	Nos.	% holding in the class
Ambadi Investments Limited	7,07,66,595	37.70	7,07,66,595	37.70

#### e) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2021 is 23,460 (as at March 31, 2020 - 23,460) each representing one Equity Share of ₹1 face value (Previous Year ₹1 face value). GDR % against total number of shares is 0.01% (as at March 31, 2020 - 0.01%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.



## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note - 14 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earnings (Refer Note 14.2)	489.06	471.70
Other reserves		
Capital Reserve (Refer Note 14.6)	19.97	19.97
Capital Redemption Reserve (Refer Note 14.7)	6.15	6.15
Securities Premium (Refer Note 14.5)	205.59	205.37
Statutory Reserve (Refer Note 14.4)	53.53	49.18
General Reserve (Refer Note 14.1)	346.30	346.30
FVTOCI Reserve (Refer Note 14.3)	1.38	0.85
Share Application Pending Allotment (Refer Note 14.8)	-	-
	<b>1,121.98</b>	<b>1,099.52</b>

### Nature and Purpose of reserve

#### 14.1 General Reserve

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if dividend distribution in a given year is more than 10.00% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable reserves for that year. Consequent to introduction of Companies Act, 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn and the Company can optionally transfer any amount from the surplus of profit or loss to the General reserves.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	346.30	346.30
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>346.30</b>	<b>346.30</b>

#### 14.2 Retained Earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported below are not distributable in entirety.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	471.70	434.46
Profit for the year	21.71	83.33
Dividend payout for the year - Equity	-	(24.40)
Dividend Distribution Tax - Equity	-	(5.02)
Transfer to Statutory Reserve	(4.35)	(16.67)
<b>Balance at the end of the year</b>	<b>489.06</b>	<b>471.70</b>

#### 14.3 FVTOCI Reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	0.85	1.46
Fair Valuation of FVTOCI Investments	0.53	(0.61)
<b>Balance at the end of the year</b>	<b>1.38</b>	<b>0.85</b>

### 14.4 Statutory Reserve

As per the requirements of Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC is required to transfer 20% of the total profits after tax for the year to a specific reserve by name of Statutory Reserve. The Company based on the above regulation transferred an amount equivalent to 20% of the total profits after tax for the current year to such reserve.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	49.18	32.51
Transfer into reserve	4.35	16.67
<b>Balance at the end of the year</b>	<b>53.53</b>	<b>49.18</b>

### 14.5 Securities Premium

Securities premium is used to record the premium on issue of shares. This can be utilised only for specific purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	205.37	204.60
Additions pursuant to shares issued on account of exercise of ESOP	0.22	0.77
<b>Balance at the end of the year</b>	<b>205.59</b>	<b>205.37</b>

### 14.6 Capital Reserve

Capital Reserve represents the amount that has been received as a capital grant from the Government of Maharashtra for the set up of a unit in 2008-09 based on the fulfilment of certain conditions in connection with the set up of such unit. Pursuant to the Scheme of Arrangement for demerger in FY 2016-17, this amount has been retained in the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	19.97	19.97
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>19.97</b>	<b>19.97</b>

### 14.7 Capital Redemption Reserve

Capital redemption reserve represents the amount equal to the nominal value of shares that were redeemed during the prior years. The reserve can be utilized only for specific purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	6.15	6.15
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>6.15</b>	<b>6.15</b>

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 14.8 Share Application Pending Allotment

Pertains to money received for the allotment of shares pursuant to the Employee Stock Options Scheme. The money collected based on the exercise of the option as per the ESOP scheme will get included here and subsequently on allotment of shares, the balances will be appropriated to share capital and share premium balances.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	-	0.30
Additions during the year	-	-
Reduction due to allotment during the year	-	(0.30)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

### 14.9 Proposed dividend

The Board of Directors of the Company at their meeting held on May 14, 2021, have recommended a final dividend of 55% being ₹0.55 per equity share of face value of ₹1/- of the Company, for the year ended March 31, 2021 which is subject to approval by the shareholders at the ensuing Annual General Meeting.

### Note 15. Revenue from Operations

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Interest Income on:</b>		
- Bank Deposits	1.50	6.22
<b>Dividend Income from</b>		
- Subsidiaries	48.48	76.34
- Joint Venture	0.12	0.25
- Others (₹9000 only, previous year ₹24000 only)	-	-
Net gain on fair value changes on FVTPL - Income from Mutual funds units	-	0.01
<b>Service Income</b>		
-Income that are recognised over a period of time (Refer Note (a) below)	7.95	8.06
	<b>58.05</b>	<b>90.88</b>
<b>Note (a) - Type of Service</b>		
Brand fee		
Total revenue from contracts with customers	7.95	8.06
Geographical markets		
India	7.95	8.06
Outside India	-	-
Total revenue from contracts with customers	7.95	8.06
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	7.95	8.06

For the income that has been received during the year, there are no contract assets / contract liabilities that are outstanding as at March 31, 2021

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Information about Company's performance obligation

The performance obligation with respect to brand fee is rendered over annual periods through the contract term.

#### Note 16. Other Income

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Other Income	0.09	0.02
	<b>0.09</b>	<b>0.02</b>

#### Note 17. Finance Costs

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest on financial liabilities measured at amortised cost		
- Debt Securities	0.24	-
- Borrowings other than debt securities	21.42	1.48
	<b>21.66</b>	<b>1.48</b>

#### Note 18. Employee Benefit Expense

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries, Wages and Bonus	1.07	1.03
	<b>1.07</b>	<b>1.03</b>

#### Note 19. Other Expense

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Rent	0.01	0.01
Insurance	0.02	0.02
Travelling and Conveyance	0.01	0.02
Advertisement Expenses	0.04	0.04
Communication	0.01	0.04
Printing, Stationery	0.03	0.07
Auditors' Remuneration (Refer Note - (a))	0.18	0.17
Professional & Legal Expenses	0.21	0.18
Listing and filing fee	0.06	0.06
Expenditure on Corporate Social Responsibility (Refer Note - (b))	0.18	0.11
Directors Fees, allowances and expenses	0.66	0.65
Other Expenses	0.04	0.08
	<b>1.45</b>	<b>1.45</b>

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note - (a)

#### Auditor Remuneration

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
As Auditor:		
Statutory Audit	0.08	0.08
Audit of Consolidated Financial Statements	0.05	0.05
Tax Audit	0.01	0.01
Limited Reviews	0.03	0.02
Other Services / Certification	0.01	0.01
<b>Total</b>	<b>0.18</b>	<b>0.17</b>

### Note - (b)

#### Corporate Social Responsibility

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(i) Gross amount required to be spent during the year	0.18	0.06
(ii) Amount spent during the year	0.18	0.11
- Education & Health	0.15	0.11
- Others	0.03	-

### Note 20 - Fair value of financial instruments not measured at fair value

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities.

Particulars	Carrying Value		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>				
Cash and Cash Equivalents	11.19	9.41	11.19	9.41
Bank balances other than cash and cash equivalents	12.29	33.86	12.29	33.86
Investments	3.08	2.16	3.08	2.16
Other Financial Assets	-	0.02	-	0.02
<b>Total</b>	<b>26.56</b>	<b>45.45</b>	<b>26.56</b>	<b>45.45</b>
<b>Financial liabilities</b>				
Debt Securities	149.98	-	149.98	-
Borrowings (other than debt securities)	-	200.63	-	200.63
Payables				
i) Trade Payables				
a) Total outstanding dues of micro and small enterprises	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	-

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Carrying Value		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
ii) Other Payables				
a) Total outstanding dues of micro and small enterprises	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.62	0.55	0.62	0.55
Other Financial Liabilities	9.76	1.91	9.76	1.91
<b>Total</b>	<b>160.36</b>	<b>203.09</b>	<b>160.36</b>	<b>203.09</b>

The management assessed that cash and cash equivalents including bank balances, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of quoted equity investments are derived from quoted market prices in active markets.
- The fair value of borrowings is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return, adjusted for the Credit spread considered by the lenders for instruments of the similar maturity.

### Note 20.1 - Fair Values Hierarchy

#### a) Financial Assets carried at Fair Values

This note provides information about how the Company determines fair value of various financial assets. Fair value of the Company's financial assets that are measured at fair value on a recurring basis.

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used)

Particulars	Fair Value as at		Fair Value Hierarchy	Valuation Techniques & key inputs used
	March 31, 2021	March 31, 2020		
Asset measured at fair value:				
- Investments in quoted equity instruments at FVTOCI	1.52	0.68	Level 1	Quoted bid price in an active market. Refer Note (a)
- Investments in unquoted equity instruments at FVTOCI	1.56	1.48	Level 3	Fair Valuation through methods prescribed under Ind AS 109. Refer Note (b)

There are no movement / transfers between the level 1 and level 2 during the period

#### Note:

- These investments in equity instruments are not for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the Management believe that this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.
- These investment in equity are not significant in value and hence additional disclosures are not presented.

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### b) Financial Liabilities for which fair values are disclosed

Particulars	Fair Value as at		Fair Value Hierarchy	Valuation Techniques & key inputs used
	March 31, 2021	March 31, 2020		
Liabilities for which fair values are disclosed	149.98	200.63	Level 2	Refer Note (a) below

Note (a) The fair value of borrowings is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return, adjusted for the Credit spread considered by the lenders for instruments of the similar maturity.

There are no movement / transfers between the level 1 and level 2 during the period.

### Note 20.2 Summary of Financial assets and liabilities which are recognised at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial Assets</b>		
Cash and Cash Equivalents	11.19	9.41
Bank balances other than cash and cash equivalents	12.29	33.86
Other Financial Assets	-	0.02
<b>Financial Liabilities</b>		
Debt Securities	149.98	-
Borrowings (other than debt securities)	-	200.63
Trade & Other Payables	0.62	0.55
Other Financial Liabilities	9.76	1.91

### Note 21 - Maturity Analysis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	Maturity		
	Amount	Current	Non -Current
<b>As on March 31, 2021</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	11.19	11.19	-
Bank balances other than cash and cash equivalents	12.29	12.29	-
Investments	1,279.22	-	1,279.22
Other Financial Assets	-	-	-
<b>Total Financial Assets</b>	<b>1,302.70</b>	<b>23.48</b>	<b>1,279.22</b>
<b>Non Financial Assets</b>			
Current tax assets (Net)	0.08	-	0.08
Deferred Tax Asset (Net)	-	-	-
Intangible Assets	0.02	-	0.02
Other Non-Financial Assets	0.13	0.13	-
<b>Total Non Financial Assets</b>	<b>0.23</b>	<b>0.13</b>	<b>0.10</b>

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Maturity		
	Amount	Current	Non -Current
<b>Financial Liabilities</b>			
Debt Securities	149.98	50.06	99.92
Borrowings (Other than Debt Securities)	-	-	-
Payables			
i) Trade Payables			
a) Total outstanding dues of micro and small enterprises	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	-	-	-
ii) Other Payables			
a) Total outstanding dues of micro and small enterprises	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.62	0.62	-
Other Financial Liabilities	9.76	9.76	-
<b>Total Financial Liabilities</b>	<b>160.36</b>	<b>60.44</b>	<b>99.92</b>
<b>Non Financial Liabilities</b>			
Other Non Financial Liabilities	1.82	1.82	-
<b>Total Non Financial Liabilities</b>	<b>1.82</b>	<b>1.82</b>	<b>-</b>

Particulars	Maturity		
	Amount	Current	Non -Current
<b>As on March 31, 2020</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	9.41	9.41	-
Bank balances	33.86	33.86	-
Investments	1,278.35	-	1,278.35
Other Financial Assets	0.02	0.02	-
<b>Total Financial Assets</b>	<b>1,321.64</b>	<b>43.29</b>	<b>1,278.35</b>
<b>Non Financial Assets</b>			
Current tax assets (Net)	0.05	-	0.05
Deferred Tax Asset (Net)	0.34	-	0.34
Intangible Assets	0.03	-	0.03
Other Non-Financial Assets	0.04	0.04	-
<b>Total Non Financial Assets</b>	<b>0.46</b>	<b>0.04</b>	<b>0.42</b>
<b>Financial Liabilities</b>			
Borrowings (Other than Debt Securities)	200.63	41.32	159.31
Payables			
i) Trade Payables			
a) Total outstanding dues of micro and small enterprises	-	-	-



## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Maturity		
	Amount	Current	Non -Current
b) Total outstanding dues of creditors other than micro and small enterprises	-	-	-
ii) Other Payables			
a) Total outstanding dues of micro and small enterprises	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.55	0.55	-
Other Financial Liabilities	1.91	1.91	-
<b>Total Financial Liabilities</b>	<b>203.09</b>	<b>43.78</b>	<b>159.31</b>
<b>Non Financial Liabilities</b>			
Other Non Financial Liabilities	0.72	0.72	-
<b>Total Non Financial Liabilities</b>	<b>0.72</b>	<b>0.72</b>	<b>-</b>

### Note 21.1 - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

Particulars	Upto 1 Month	1 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
<b>As on March 31, 2021</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	9.16	2.03	-	-	-	11.19
Bank balances other than cash and cash equivalents	1.56	-	11.24	-	-	12.80
Investments	-	-	-	-	1,279.22	1,279.22
Other Financial Assets	-	-	-	-	-	-
<b>Total Undiscounted Financial Assets</b>	<b>10.72</b>	<b>2.03</b>	<b>11.24</b>	<b>-</b>	<b>1,279.22</b>	<b>1,303.21</b>
<b>Financial Liabilities</b>						
Borrowings (Debt Securities)	-	-	60.15	110.60	-	170.75
Borrowings (Other than Debt Securities)	-	-	-	-	-	-
<b>Payables</b>						
i) Trade Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-
ii) Other Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.62	-	-	-	-	0.62
Other Financial Liabilities	9.76	-	-	-	-	9.76
<b>Total Undiscounted Financial Liabilities</b>	<b>10.38</b>	<b>-</b>	<b>60.15</b>	<b>110.60</b>	<b>-</b>	<b>181.13</b>

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Upto 1 Month	1 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
<b>As on March 31, 2020</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	1.50	8.01	-	-	-	9.51
Bank balances other than cash and cash equivalents	1.90	20.64	12.46	-	-	35.00
Investments	-	-	-	-	1,278.35	1,278.35
Other Financial Assets	0.02	-	-	-	-	0.02
<b>Total Undiscounted Financial Assets</b>	<b>3.42</b>	<b>28.65</b>	<b>12.46</b>	<b>-</b>	<b>1,278.35</b>	<b>1,322.88</b>
<b>Financial Liabilities</b>						
Borrowings (Other than Debt Securities)	-	10.67	50.61	202.83	-	264.11
Payables						
i) Trade Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-
ii) Other Payables						
a) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
b) Total outstanding dues of creditors other than micro and small enterprises	0.55	-	-	-	-	0.55
Other Financial Liabilities	1.91	-	-	-	-	1.91
<b>Total Undiscounted Financial Liabilities</b>	<b>2.46</b>	<b>10.67</b>	<b>50.61</b>	<b>202.83</b>	<b>-</b>	<b>266.57</b>

### 22. Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgement /estimate, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 23. Standards issued but not yet effective

There are no new standards / amendments to the standards that have been issued but not yet effective as at March 31, 2021.

### 24. Disclosure in respect of Related Parties

#### a) List of Related Parties

##### I. Subsidiary & Associate Companies

- a. Cholamandalam Investment and Finance Company Limited (CIFCL)\* and its Subsidiaries & Associates
  - i. Cholamandalam Home Finance Limited (Subsidiary)
  - ii. Cholamandalam Securities Limited (Subsidiary)
  - iii. White Data Systems India Private Limited (Associate)
  - iv. Vishvakarma Payments Private Limited (Associate) (from March 30, 2021)
- b. Cholamandalam MS General Insurance Company Limited
- c. Cholamandalam Health Insurance Limited (Till December 29, 2020)

(On December 30, 2020, the Company has applied for striking off with Registrar of Companies (ROC) and consequently, the value of the investment has been written off during the year ended March 31, 2021)

##### II. Entity having Significant influence

- a. Ambadi Investments Limited

##### III. Subsidiaries of Entity having significant influence

- a. Parry Enterprises Limited
- b. Parry Agro Limited

##### IV. Joint Venture

- a. Cholamandalam MS Risk Services Limited

##### V. Key Management Personnel (Pursuant to Companies Act, 2013)

Mr. N. Ganesh - Manager & Chief Financial Officer

Ms. E. Krithika - Company Secretary

##### VI. Non-Executive Directors

- a. Mr. M. M. Murugappan
- b. Ms. Shubhalakshmi Panse (till November 20, 2019)
- c. Mr. Ashok Kumar Barat
- d. Mr. B Ramaratnam
- e. Mr. V Ravichandran (upto November 11, 2020)
- f. Mr. Sridharan Rangarajan
- g. Ms. Vasudha Sundararaman (w.e.f. February 12, 2020)
- h. Mr. Vellayan Subbiah (w.e.f. November 11, 2020)

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

\* The Company holds 45.47% of the total shareholding in CIFCL as at March 31, 2021 (45.50% as at March 31, 2020) and has de-facto control as per the principles of Ind AS 110 and accordingly CIFCL has been considered as a subsidiary in Ind AS Financial Statements.

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

Transaction	Related Party	2020-21	2019-20
Dividend Received	Cholamandalam Investment and Finance Company Limited	48.48	76.34
	Cholamandalam MS Risk Services Limited	0.12	0.25
Dividend Payment	Ambadi Investments Limited	-	9.15
	Directors	-	0.11
	Relative of directors and other entities in which directors are interested	-	0.07
Deputation charges for KMP	Cholamandalam Investment and Finance Company Limited	0.83	0.80
Remuneration to Key Management Personnel	Ms. E Krithika	0.24	0.23
Expense reimbursed	Cholamandalam Investment and Finance Company Limited	0.05	0.05
Payment for services availed	Parry Enterprises Limited	0.008	0.002
	Cholamandalam Securities Limited	0.001	0.001
Brand fee Income	Cholamandalam MS General Insurance Company Limited	7.95	8.06
Market purchase of equity shares of CIFCL	Ambadi Investments Limited	-	24.26
Investment in equity shares of CIFCL	Cholamandalam Investment and Finance Company Limited	-	300.00
Commission and sitting fees	Non-executive directors	0.66	0.65
Balances outstanding at the year end			
Receivable/(Payable)	Cholamandalam Investment and Finance Company Limited	(0.02)	-

### 25. Earnings Per Share

Particulars	2020-21	2019-20
Profit after Tax – ₹ in Crores	21.71	83.33
Weighted Average Number of Shares		
- Basic	18,77,17,997	18,77,09,982
- Dilutive Impact on account of Options	16,610	18,076
- Diluted	18,77,34,607	18,77,28,058
Earnings per Share of ₹ 1 each		
- Basic	1.16	4.44
- Diluted	1.16	4.44

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 26. Contingent Liabilities

Pending litigations, in so far as they relate to the Manufacturing Business Undertaking, shall be borne by the Resulting Company as per the Scheme of Arrangement. Consequently, there are no contingent liabilities to be reported.

### 27. Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for March 31, 2021 and March 31, 2020:

₹ in Crores

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting Profit before income tax	33.90	86.93
Corporate tax on Accounting Profit before tax 25.17% (Previous year 25.17%)	8.53	21.88
Adjustments to accounting profit:		
Deduction u/s 57 of the Income tax Act	(9.72)	-
Dividend Income – Exempt from tax	-	(76.59)
Disallowance u/s 14A / Other disallowance of the Income tax Act	24.24	3.97
Total adjustments to accounting profit	14.52	(72.62)
Tax on above total adjustments	3.66	(18.28)
Net Effective Income Tax	12.19	3.60

### 28. Stock Options

The Stock Options were granted to the employees of the Manufacturing Business Undertaking which is transferred to the Resulting Company as referred to in Note 1 and the related details of movement in Stock Options are given below:

#### Employee Stock Option Plan 2007

Particulars	Date of Grant	Options Outstanding as at 01-Apr-2020	During the Year 2020-21			Options Outstanding as at 31-Mar-2021	Options vested but not exercised as at 01-Apr-2020	Options vested but not exercised as at 31-Mar-2021
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 12	02-Nov-11	10,916	-	1,572	1,952	7,392	10,916	7,392

#### Employee Stock Option Plan 2016

Particulars	Date of Grant	Options Outstanding as at 01-Apr-2020	During the Year 2020-21			Options Outstanding as at 31-Mar-2021	Options vested but not exercised as at 01-Apr-2020	Options vested but not exercised as at 31-Mar-2021
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 1	15-Mar-17	61,590	-	-	5,000	56,590	61,590	56,590

#### Employee Stock Option Plan 2007

Particulars	Date of Grant	Options Outstanding as at 01-Apr-2019	During the Year 2019-20			Options Outstanding as at 31-Mar-2020	Options vested but not exercised as at 01-Apr-2019	Options vested but not exercised as at 31-Mar-2020
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 8	29-Jan-11	4,776	-	-	4,776	-	4,776	-
Grant 12	02-Nov-11	31,494	-	18,328	2,250	10,916	31,494	10,916
<b>Total</b>		<b>36,270</b>	<b>-</b>	<b>18,328</b>	<b>7,026</b>	<b>10,916</b>	<b>36,270</b>	<b>10,916</b>

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Employee Stock Option Plan 2016

Particulars	Date of Grant	Options Outstanding as at 01-Apr-2019	During the Year 2019-20			Options Outstanding as at 31-Mar-2020	Options vested but not exercised as at 01-Apr-2019	Options vested but not exercised as at 31-Mar-2020
			Options Granted	Options Cancelled / lapsed	Options Exercised & allotted			
Grant 1	15-Mar-17	1,09,080	-	30,720	16,770	61,590	1,09,080	61,590

### Employee Stock Option Plan 2007

Grant No.	Date of Grant	Weighted Average Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / lapsed	Options Outstanding at the end of the year		Weighted Average Remaining Contractual Life (in Years)
							Vested	Yet to vest	
1	31-Oct-07	43.37	31-Oct-08	6,00,120	3,63,624	2,36,496	-	-	
2	31-Jan-08	45.61	30-Jan-09	1,05,460	81,324	24,136	-	-	
3									
Tr I	24-Mar-08	39.19	31-Oct-09	26,55,260	15,39,971	11,15,289	-	-	
Tr II	24-Mar-08	39.19	31-Oct-09	34,241	34,241	-	-	-	
4									
Tr I	31-Jul-08	30.67	31-Jul-09	3,86,900	2,84,961	1,01,939	-	-	
Tr II	31-Jul-08	30.67	31-Jul-09	9,344	9,344	-	-	-	
5	31-Oct-08	16.73	31-Oct-09	54,000	30,240	23,760	-	-	
6	30-Jan-09	21.42	30-Jan-10	28,100	23,323	4,777	-	-	
7									
Tr I	29-Jan-11	96.63	29-Jan-12	4,25,400	2,38,404	1,86,996	-	-	
Tr II	29-Jan-11	96.63	29-Jan-12	21,280	21,280	-	-	-	
Tr III	29-Jan-11	96.63	29-Jan-12	15,112	15,112	-	-	-	
8	29-Jan-11	96.63	29-Jan-12	1,92,400	80,916	1,11,484	-	-	
9	29-Jan-11	96.63	29-Jan-12	13,900	-	13,900	-	-	
10	02-May-11	96.91	02-May-12	55,000	19,680	35,320	-	-	
11	01-Aug-11	110.23	01-Aug-12	33,600	-	33,600	-	-	
12									
Tr I	02-Nov-11	98.74	02-Nov-12	1,26,800	48,148	78,652	-	-	
Tr II	02-Nov-11	98.74	02-Nov-12	51,516	24,224	19,900	7,392	-	0.59

### Employee Stock Option Plan 2016

Grant No	Date of Grant	Exercise Price (₹)	Vesting Commences on	Options Granted	Options Exercised & allotted	Options Cancelled / lapsed	Options vested and Outstanding at the End of the Year		Weighted Average Remaining Contractual Life (in Years)
							Vested	Yet to vest	
Tr I	15-Mar-17	416.86	15-Mar-18	2,37,960	-	2,37,960	-	-	-
Tr II	15-Mar-17	416.86	15-Mar-18	2,32,270	1,28,190	47,490	56,590	-	1.96

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

The key assumptions used in Black-Scholes model for calculating the fair value as on the date of the grants are:

### Employee Stock Option plan 2007

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the Market at the time of Option Grant (₹)	Fair Value of the Option (₹)
1	31.10.08	7.71	2.50	39.11	3.43	43.37	11.34
2	30.01.09	7.44	2.50	42.02	3.43	45.61	12.50
3							
Tr I	31.10.09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
Tr II	31.10.09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
4							
Tr I	31.07.09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
Tr II	31.07.09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
5	31.10.09	8.21 - 8.31	0.12 - 3.24	32.28 - 42.55	1.86	16.73	92.20 - 94.76
6	30.01.10	8.21 - 8.31	0.24 - 3.49	28.04 - 43.77	1.86	21.42	88.54 - 90.00
7							
Tr I	29.01.12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr II	29.01.12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr III	29.01.12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
8	29.01.12	8.21 - 8.26	1.24 - 4.48	31.69 - 43.79	1.86	96.63	27.22 - 52.67
9	29.01.12	8.21 - 8.26	1.24 - 3.48	31.69 - 43.79	1.86	96.63	27.22 - 46.62
10	02.05.12	8.21 - 8.25	1.37 - 5.74	31.38 - 47.27	1.86	96.63	27.90 - 56.06
11	01.08.12	8.21 - 8.25	1.49 - 5.99	31.76 - 47.01	1.86	110.23	21.93 - 53.00
12							
Tr I	02.11.12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75
Tr II	02.11.12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75

### Employee Stock Option Plan 2016

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the Market at the time of Option Grant (₹)	Fair Value of the Option (₹)
1							
Tr I	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16
Tr II	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 29. Financial Risk Management

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

This note explains the sources of risk which the Company is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets measured at amortised cost and fair value through profit or loss and other comprehensive income, such as investments etc.,	Credit ratings	Setting limits on the amount of acceptable risk, diversification of investment limits, monitoring of counterparties basis credit rating.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk and investment of available funds.

#### a. Credit risk

The Company being an investment Company, credit risk refers to the risk that a counter party may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash and cash equivalents, financial assets measured at amortised cost and financial assets measured at fair value through profit or loss.

#### b. Liquidity Risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the company on acceptable terms. The company has developed internal control processes and contingency plans for managing liquidity risk.

The Company's principal sources of liquidity are "cash and cash equivalents" and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period. Additionally, the Company has invested its surplus funds in fixed income securities or instruments of similar nature thereby ensuring safety of capital and availability of liquidity as and when required.

Refer Note 21.1 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

The Leverage Ratio is 0.02 as at March 31, 2021 (0.03 as at March 31, 2020) as against the regulatory cap of 2.5

#### c. Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates.

#### d. Price risk

The Company's exposure to equity securities risk arises from investments held by the Company and classified in the balance sheet as fair value through OCI.



## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio across sectors, which is as per the investment policy of the Company.

Majority of the Company's investment are publicly traded in the NSE and BSE.

As regards investments in unlisted privately held companies, the fair valuations are largely dependent on the investee Company's ability to achieve desired outcomes which measure the performance of the Company and bear out the valuation of its ownership interests. Hence, these are also exposed to market / operational risks of the investee companies.

### Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios to support its core investment activity and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are reviewed on a periodic basis.

The Capital Ratio is 626.01% as at March 31, 2021 (478.51% as at March 31, 2020) as against the regulatory minimum of 30%.

### 30. Changes in Liabilities arising from Financing Activities

₹ in Crores

Particulars	March 31, 2020	Cash Flow (adjusted for processing charges)	March 31, 2021
Debt Securities	-	149.94	149.94
Borrowings other than debt securities	199.15	(199.15)	-
<b>Total</b>	<b>199.15</b>	<b>(49.21)</b>	<b>149.94</b>

Particulars	March 31, 2019	Cash Flow (adjusted for processing charges)	March 31, 2020
Borrowings other than debt securities	-	199.15	199.15
<b>Total</b>	<b>-</b>	<b>199.15</b>	<b>199.15</b>

### 31. Segment reporting

The Company's main business is to invest in securities of Group Companies for strategic purposes. All other activities of the Company revolve around the main business. As such there are no separate reportable segments.

**32. Additional Information as required by Reserve Bank of India, Master Direction - Core Investment Companies (Reserve Bank) Directions, RBI/DNBR/2016-17/39, Master Direction DNBR. PD. 003/03.10.119/2016-17, August 25, 2016, DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 & DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020.**

These disclosures have been prepared based on IndAS financial statements in line with RBI notification dated March 13, 2020.

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

SN. Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities:</b>				
<b>1 Loans and Advances availed by the CIC inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures				
- Secured	-	-	-	-
- Unsecured	149.98	-	-	-
(other than falling within the meaning of public deposits *)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	200.63	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans	-	-	-	-
* Please see Note 1 below				
<b>Assets:</b>				
<b>2 Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:</b>				
a) Secured	-	-	-	-
b) Unsecured	-	-	-	-
<b>3 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>				
(i) Lease assets including lease rentals under Sundry Debtors:				
(a) Financing lease	-	-	-	-
(b) Operating lease	-	-	-	-
(ii) Stock on hire including hire charges under Sundry Debtors:				
(a) Assets on hire	-	-	-	-
(b) Repossessed assets	-	-	-	-
(iii) Other loans counting towards asset financing activities				
(a) Loans where assets have been repossessed	-	-	-	-
(b) Loans other than (a) above	-	-	-	-

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

SN.	Particulars	As at	As at
		March 31, 2021	March 31, 2020
		Amount outstanding	Amount outstanding
<b>4</b>	<b>Break-up of Investments:</b>		
	<b>Current Investments:</b>		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	<b>Long-term Investments:</b>		
	1. Quoted:		
	(i) Shares: (a) Equity	1,011.43	1,010.59
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	267.79	267.76
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 5 Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	As at March 31, 2021			As at March 31, 2020		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
(d) Other than related parties	-	-	-	-	-	-
Total	-	-	-	-	-	-

### 6 Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

Category	As at March 31, 2021		As at March 31, 2020	
	Market value/Break up or fair value or NAV (Refer Note 2 below)	Book value (net of provisions)	Market value/Break up or fair value or NAV (Refer Note 2 below)	Book value (net of provisions)
1. Related parties				
(a) Subsidiaries	21,944.18	1,275.15	6,663.05	1,275.20
(b) Companies in the same group	15.97	2.63	14.21	2.63
(c) Other related parties	-	-	-	-
2. Other than related parties				
	-	-	-	-
<b>Total</b>	<b>21,960.15</b>	<b>1,277.78</b>	<b>6,677.26</b>	<b>1,277.83</b>

### 7 Other information

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 8 Components of ANW and other related information

Particulars	As at March 31, 2021	As at March 31, 2020
(i) ANW as a % of Risk Weighted Assets	626.01%	478.51%
(ii) Unrealized appreciation in the book value of quoted investments	13,736.64	10,103.18
(iii) Diminution in the aggregate book value of quoted investments	-	-
(iv) Leverage Ratio	0.02	0.03

### 9 Investment in Other CICs

Particulars	As at March 31, 2021	As at March 31, 2020
a. Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	-	-
b. Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	-	-
c. Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	-	-

### 10 Off Balance Sheet Exposure

Particulars	As at March 31, 2021	As at March 31, 2020
i. Off balance sheet exposure	-	-
ii. Financial Guarantee as a % of total offbalance sheet exposure	-	-
iii. Non-Financial Guarantee as a% of total offbalance sheet exposure	-	-
iv. Off balance sheet exposure to overseas subsidiaries	-	-
v. Letter of Comfort issued to any subsidiary	-	-

### 11 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,279.22	1,278.35
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,279.22	1,278.35
(b) Outside India	-	-

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

12 ALM - Maturity (a) pattern of Assets and Liabilities as of March 31, 2021	1 to 7 days	8-14 days	15 to 30/31 days	1-2 months	2-3 months	3-6 months	6months- 1 year	1year- 3 years	3years- 5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	1,279.22	1,279.22
Borrowings	-	-	-	-	-	-	50.06	99.92	-	-	149.98
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

12 ALM - Maturity (b) pattern of Assets and Liabilities as of March 31, 2020	1 to 7 days	8-14 days	15 to 30/31 days	1-2 months	2-3 months	3-6 months	6months- 1 year	1year- 3 years	3years- 5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	1,278.35	1,278.35
Borrowings	-	-	-	-	1.32	-	40.00	80.00	79.31	-	200.63
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

13 Business Ratios	As at March 31, 2021	As at March 31, 2020
Return on Equity (RoE) (PAT/Total Equity)	1.90	7.45
Return on Assets (RoA) (PAT/Total Assets)	1.67	6.30
Net profit per employee (₹in crs) (PAT/No.of employees)	10.86	41.67

14 Provisions and Contingencies (Impairment of financial instruments)	2020-21	2019-20
Break up of 'Provisions and Contingencies' (Impairment of financial instruments) shown under the Profit and Loss Account		
Investment written off	0.05	-
Provision towards NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies	-	-
Provision for Standard Assets	-	-

## Notes to Standalone Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

15 Concentration of NPAs	(Amount ₹ in crore)	Exposure as a % of total assets
Total Exposure to top five NPA accounts	-	-

### 16 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets
Not applicable			

#### Notes:

- As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
- Quoted investments are at market value and unquoted investments are at break up/fair value/NAV irrespective of whether they are classified as long term or current in (6) above.
- The company does not have any exposure to real estate sector, both direct and indirect.
- Maturity pattern of assets and liabilities are disclosed in Note 21 and analysis of Financial Assets and Financial Liabilities by remaining contractual maturities are disclosed in Note 21.1

### 33. Micro, Small & Medium Enterprises

As at March 31, 2021 and March 31, 2020 there is no interest paid or payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Act, 2006. This Information has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 34. Prior Period Comparatives

Previous year figures have been regrouped / re-classified wherever necessary to conform to this year's classification.

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

# **CONSOLIDATED FINANCIAL STATEMENTS**



## INDEPENDENT AUDITOR'S REPORT

To the Members of Cholamandalam Financial Holdings Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Cholamandalam Financial Holdings Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the Consolidated Balance sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint venture as at March 31, 2021, their consolidated profit/loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, its associates and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are

relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

#### Emphasis of Matter

We draw attention to

- a) Note 4.1a to the accompanying Consolidated Ind AS Financial Statements, which describes the impact of COVID-19 pandemic, and its possible consequential implications with respect to the operations and financial metrics of Cholamandalam Investment and Finance Company Limited's ("CIFCL"), including the estimates of impairment of loans and that such estimates may be affected by the severity and duration of the pandemic.
- b) Note 4.1b to the accompanying Consolidated Ind AS Financial Statements, which describes the impact of COVID-19 pandemic, on Cholamandalam MS General Insurance Company Limited ("MSGICL"), a subsidiary company. The auditors of MSGICL have included an emphasis of matter paragraph in their auditors' report on the financial statements of MSGICL for the year ended March 31, 2021, stating that the impact assessment carried out by the Management with available information did not indicate any material impact on the valuation of policy related liabilities and solvency position of MSGICL as at March 31, 2021. Considering the uncertainties prevailing in the economic conditions globally and in India, such impact assessment done by the management of MSGICL is dependent on the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of the above matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements

for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated

Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<b>In connection with the Subsidiary Company – CIFCL</b>	
<b>Impairment of Financial Assets based on Expected Credit Loss ('ECL') (as described in Note 5.4 and 11 of the Consolidated Ind AS Financial Statements)</b>	
<p>Financial instruments of CIFCL, which include loans to customers, represents a significant portion of the total assets of CIFCL. CIFCL has loans aggregating ₹68,283.75 Crores as at March 31, 2021.</p> <p>Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by CIFCL based on the guiding principles prescribed under Ind AS 109.</p> <p>As explained in the notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2021, the impairment provision based on the expected credit loss model requires the management of CIFCL to make significant judgments in connection with related computation. These include:</p> <p>(a) Segmentation of the loan portfolio into homogenous pool of borrowers;</p> <p>(b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired;</p> <p>(c) Determination of the 12 month and life-time probability of default for each of the segments identified; and</p> <p>(d) Loss given default for various exposures based on past trends / experience, management estimates etc.,</p>	<ul style="list-style-type: none"> <li>• Read and assessed the CIFCL's impairment provision policy and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.</li> <li>• Read and assessed the CIFCL's policy with respect to moratorium and one-time restructuring pursuant to the RBI circular and tested the implementation of such policy on a sample basis</li> <li>• Understood the CIFCL's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning.</li> <li>• Read and assessed the CIFCL's impairment provisioning policy as per Ind AS 109;</li> <li>• Obtained an understanding of the CIFCL's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures;</li> <li>• Tested the ECL model, including assumptions and underlying computation.</li> <li>• Assessed the Exposure at Default used in the impairment calculations on a test basis;</li> <li>• Obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults for various homogenous segments and performed test checks;</li> <li>• Obtained an understanding of the basis and methodology adopted by management to determine Loss Given Defaults for various homogenous segments based on past recovery experience, qualitative factors etc., and performed test checks;</li> <li>• Assessed the items of loans, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date;</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>Additionally, the economic and business consequences of the COVID 19 pandemic as described in Note 4.1a to the Consolidated Ind AS Financial Statements, slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect loan loss provisioning under the ECL approach.</p> <p>Note 5.4 to the Consolidated Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.</p> <p>As at March 31, 2021, CIFCL has made a provision for impairment loss aggregating ₹2,444.41 Crores against the loans outstanding. Due to the significance of the judgments used in both classification of loans into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• Assessed the data used in the impairment computation (including the data integrity of information extracted from the CIFCL's IT systems);</li> <li>• Assessed and tested the inputs used in the impairment computation (including the data integrity of information extracted from the CIFCL's IT systems);</li> <li>• Enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof</li> <li>• Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and</li> <li>• Read the Consolidated Ind AS Financial Statement disclosures in respect of impairment losses on financial assets, including the specific disclosures made with regard to the impact of COVID-19 on the ECL estimation.</li> </ul>
<p><b>Audit in an Information Technology (IT) enabled environment – including considerations on exceptions identified in IT environment</b></p>	
<p>CIFCL has information technology applications which are used across various class of transactions in its operations including automated and IT dependent manual controls that are embedded in them.</p> <p>Due to the pervasive nature and complexity of the CIFCL's IT environment, we place significant emphasis on the information systems, the controls, and process around such information systems and the usage of information from such systems for the purpose of financial reporting by the management for our audit. Accordingly, this has been considered as a key audit matter.</p>	<p>In assessing the reliability of electronic data processing, we involved specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting:</p> <ul style="list-style-type: none"> <li>• Assessing the information systems and the applications that is available in CIFCL in two phases: (i) IT General Controls and (ii) Application level embedded controls;</li> <li>• The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system;</li> <li>• Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting;</li> <li>• Performed tests of controls (including over compensatory controls wherever applicable) on the IT Application controls and IT dependent manual controls in the system.</li> <li>• Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.</li> </ul>
<p><b>Pending litigations with tax authorities (as described in Note 41a of the Consolidated Ind AS Financial Statements)</b></p>	
<p>CIFCL operates in a complex tax environment and is required to discharge direct and indirect tax obligations under various legislations such as Income Tax Act, 1961, the Finance Act, 1994, Goods and Services Tax Acts and VAT Acts of various states, as may be applicable</p>	<p>In assessing the exposure of CIFCL for the tax litigations, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process laid down by the management for performing their assessment taking into consideration past legal precedents, changes in laws and regulations, expert opinions obtained from external tax / legal experts (as applicable);</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>The tax authorities under these legislations have raised certain tax demands on CIFCL in respect of the past periods. CIFCL has disputed such demands and has appealed against them at appropriate forums. As at March 31, 2021 CIFCL has an amount of ₹669.28 Crores. pertaining to various pending tax litigations.</p> <p>Ind AS 37 requires CIFCL to perform an assessment of the probability of economic outflow on account of such disputed tax matters and determine whether any particular obligation needs to be recorded as a provision in the books of account or to be disclosed as a contingent liability. Considering the significant degree of judgement applied by the management in making such assessments and the resultant impact on the Consolidated Ind AS financial statements, we have considered it to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Assessed the processes and entity level controls established by CIFCL to ensure completeness of information with respect to tax litigations;</li> <li>• Along with our tax experts, we undertook the following procedures: <ul style="list-style-type: none"> <li>• Reading communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management;</li> <li>• Testing the accuracy of disputed amounts from the underlying communications received from tax authorities and responses filed by CIFCL;</li> <li>• Considered the submissions made to appellate authorities and expert opinions obtained by CIFCL from external tax / legal experts (wherever applicable) which form the basis for management's assessment;</li> <li>• Assessed the positions taken by the management in the light of the aforesaid information and based on the examination of the matters by our tax experts.</li> </ul> </li> <li>• Read the disclosures included in the Consolidated Ind AS Financial Statements in this regard.</li> </ul>
<b>In connection with Subsidiary Company – CMSGICL</b>	
<b>Valuation of Investments</b>	
<p>The auditors of CMSGICL have reported that the assessment of the value of investment as on the reporting date involves significant judgement by the management of the Company which can materially impact the impairment loss, if any and the carrying value of investments. The auditors of CMSGICL has considered this area as a Key Audit matter since the carrying value of investments as at March 31, 2021 was INR 10,262.49 Crores which is approximately 11.58 % of assets of Group.</p>	<p>The audit response to this Key Audit Matter that has been identified by the auditors of CMSGICL are as follows:</p> <ul style="list-style-type: none"> <li>• Reviewed the accounting policies used by CMSGICL for accounting and disclosing Investments for compliance with the accounting framework / IRDAI regulation.</li> <li>• Assessed the adequacy of internal controls, evaluated the design and tested the operating effectiveness of such controls for initial recognition, measurement, subsequent valuation and disclosure of investments as on the reporting date as per applicable regulations.</li> <li>• Traced the opening balance with audited closing balance of investment from previous year financial statements. Verified the movement in investments during the year on a test check basis using direct third-party confirmation, statement of accounts, bank statements and other relevant documents. Other substantive and analytical procedures were carried out to corroborate the management assertions pertaining to investments.</li> <li>• Reviewed the process followed by the management of CMSGICL in valuation of investments and independently reperformed the valuation check on a sample basis to confirm their appropriateness</li> <li>• Investments identified for impairment provisioning / write off by the management of CMSGICL are verified on a 100% basis by independently assessing the risk of impairment loss and probability of realisation of investment value by considering publicly available information about the investee entities, directions issued by their regulators, Government of India and IRDAI. Reviewed the basis of assessment used by CMSGICL's Investment committee and discussed the same with Chief Investment Officer and Chief Financial Officer of CMSGICL. Checked the compliance with IRDAI prudential norms for provisioning in validating the adequacy of impairment provision / write off.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Valuation of outstanding claims (“OC”) including claims incurred but not reported (“IBNR”) and claims incurred but not enough reported (“IBNER”)</b>	
<p>The auditors of CMSGICL have reported this as a key audit matter because the valuation of OC including IBNR and IBNER are significant in magnitude and requires use of judgements and estimates. OC including IBNR/IBNER are estimates for settlement of claims in future which are impacted by number of factors which includes the trends in severity of historical claims, frequency of historical claims and IRDAI regulations. In particular, the claims arising from death or disability covered under motor insurance contracts involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p> <p>Total OC including IBNR and IBNER provisions amounts to INR 6,463.01 Crores (net of RI recoveries) as on March 31, 2021.</p>	<p>The audit response to this Key Audit Matter that has been identified by the auditors of CMSGICL were as follows:</p> <ul style="list-style-type: none"> <li>• Assessed and tested the operating effectiveness of key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claim estimates recorded;</li> <li>• Substantive tests were performed on the amounts recorded for a sample of OC, which are material to assess whether claims are appropriately estimated and recorded;</li> <li>• Evaluated the competence, objectivity and independence of the Actuary appointed by the Management to review the adequacy of OC including IBNR and IBNER;</li> <li>• Tested the completeness and accuracy of underlying insurance data provided by the Management to the Appointed Actuary on a sample basis;</li> <li>• Assessed the adequacy of CMSGICL’s related disclosures by reference to relevant accounting standards and IRDA Regulations</li> </ul>
<b>Contingent Liabilities</b>	
<p>The auditors of CMSGICL have reported that contingent liabilities as at March 31, 2021 as a key audit matter because CMSGICL has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>The audit response to this Key Audit Matter that has been identified by the auditors of CMSGICL were as follows:</p> <ul style="list-style-type: none"> <li>• Reviewed the details of pending tax demands as at March 31, 2021.</li> <li>• Reviewing CMSGICL’s correspondences with tax authorities, legal counsels, grounds of appeal filed with various appellate authorities and industry position on various tax disputes.</li> <li>• Verifying the adequacy of disclosures in the financial statements in this respect.</li> </ul>

**Information Other than the Consolidated Ind AS Finance Statements and Auditor’s Report Thereon**

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the Chairman’s message, Performance in FY 21, Board’s Report and Management Discussion and Analysis, Form AOC-1, General Shareholder Information and Business Responsibility report included in the Annual report but does not include the Consolidated Ind AS Financial Statements and our auditor’s report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with

the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)

specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

#### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

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

be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

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

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

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

- (a) The Consolidated Ind AS Financial Statements also include the Group's share of net profit of ₹0.97 crores for the year ended March 31, 2021, as considered in the Consolidated Ind AS Financial Statements, in respect of 1 joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture, is based solely on the report(s) of such other auditors.
- (b) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements and other financial information include total assets of ₹12,509.21 Crores as at March 31, 2021 and total revenues of ₹4,007.04 crores, and net cash outflow of ₹91.04 crores for the year ended on that date. These financial statements and other financial information have been prepared in accordance with the recognition and measurement principles of Generally Accepted Accounting Principles in India ('Indian GAAP'), which have been framed as per the requirements of Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 (the 'Insurance Act'), the Insurance Regulatory and Development Authority Act, 1999 (as amended) (the 'IRDA Act'), the Insurance Regularity and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, Circulars / Orders / Directions issued by the Insurance Regulatory and Development Authority of India ('IRDAI' or 'the Authority') in this regard, and the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 ("Statutory GAAP") which have been audited by other auditors under generally accepted auditing standards applicable in India. The other auditors of this subsidiary in their report have reported that they have relied on the Subsidiary's appointed actuary's certificate on the estimate of claims Incurred but Not Reported [IBNR] and claims Incurred but Not Enough Reported [IBNER]. The appointed actuary

has certified to the Subsidiary that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDAI and Institute of Actuaries of India in concurrence with IRDAI.

The Subsidiary's management has converted the financial statements of such subsidiary from Statutory GAAP to comply with the requirements of Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including incorporating necessary adjustments relating to liability adequacy test and disclosures relating to insurance liabilities as per Ind AS 104 based on the appointed actuary's certificate. We have audited these conversion adjustments made by the subsidiary management and have relied upon the appointed actuary's certificate in this regard.

Our opinion in so far as it relates to the balances and affairs of such subsidiary is based on the report of other auditors, the reliance on the appointed actuary's certificate and the conversion adjustments prepared by the management of the Subsidiary Company and audited by us.

- (c) The Consolidated Ind AS Financial Statements also include the Group's share of net loss of ₹0.53 crores for the year ended March 31, 2021, as considered in the Consolidated Ind AS Financial Statements, in respect of two associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint venture, as noted in the 'other matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint venture, none of the directors of the Group's companies, its associates and joint venture, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary companies, associate companies and



- joint venture, incorporated in India, refer to our separate Report in “Annexure” to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint venture incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiaries, associates and joint venture incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture, as noted in the ‘Other matters’ paragraph:
- i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint venture in its Consolidated Ind AS Financial Statements – Refer Note 41a to the Consolidated Ind AS Financial Statements;
  - ii. Provision has been made in the Consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 to the Consolidated Ind AS Financial Statements in respect of such items as it relates to the Group, its associates and joint venture;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint venture, incorporated in India during the year ended March 31, 2021.
- For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004
- per Aravind K**  
Partner  
Membership Number: 221268  
UDIN: 21221268AAAADE1601
- Place of Signature: Chennai  
Date: May 14, 2021

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Cholamandalam Financial Holdings Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint venture, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Ind AS Financial Statements.

#### **Meaning of Internal Financial Controls with Reference to Consolidated Ind AS Financial Statements**

A Group's internal financial control with reference to Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Consolidated Ind AS Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Ind AS Financial Statements**

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

#### **Opinion**

In our opinion, the Group, its associates and joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to Consolidated Ind AS Financial Statements and such internal financial

controls with reference to Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company, in so far as it relates to one subsidiary and one joint venture incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Aravind K**

Partner

Membership Number: 221268

Place of Signature: Chennai

Date: May 14, 2021

## Consolidated Ind AS Balance Sheet

As at March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	6A	1,708.33	3,695.69
Bank balances other than Cash and Cash Equivalents	6B	4,495.55	3,618.49
Derivative financial instruments	7	45.87	114.20
Receivables			
i) Trade Receivables	8	56.60	30.19
ii) Other Receivables	8	38.72	33.02
iii) Insurance Contract Assets	9	279.72	287.79
iv) Reinsurance Assets	10A	780.28	658.80
Loans	11	65,839.34	55,395.73
Investment in Associates & Joint Venture	12A	37.15	36.83
Other Investments	12B	11,640.87	8,855.85
Other Financial Assets	13	729.38	537.50
		<b>85,651.81</b>	<b>73,264.09</b>
<b>Non- Financial Assets</b>			
Current tax assets (Net)		320.40	332.13
Deferred tax assets (Net)	14	973.35	687.13
Goodwill on Consolidation		42.72	42.72
Investment Property	15	28.96	28.96
Intangible Assets under development		9.91	10.60
Property, Plant and Equipment	16	336.07	370.06
Intangible Assets	17	39.01	37.63
Reinsurance Assets	10B	719.27	600.65
Other Non-Financial Assets	18	494.06	480.69
		<b>2,963.75</b>	<b>2,590.57</b>
<b>TOTAL ASSETS</b>		<b>88,615.56</b>	<b>75,854.66</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments	7	127.42	-
Payables			
(I) Trade Payables			
i) Total outstanding dues of micro and small enterprises	37	0.04	1.01
ii) Total outstanding dues of creditors other than micro and small enterprises		466.37	330.03
(II) Other Payables			
i) Total outstanding dues of micro and small enterprises		-	-

## Consolidated Ind AS Balance Sheet

As at March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ii) Total outstanding dues of creditors other than micro and small enterprises		204.64	99.62
(III) Other Insurers			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		404.93	272.29
Debt Securities	19	12,487.26	7,135.18
Borrowings (Other than Debt Securities)	20	47,182.26	43,473.71
Subordinated Liabilities	21	4,127.63	4,508.58
Insurance Contract Liabilities	22	7,273.36	6,025.07
Other Financial Liabilities	22A	668.02	529.62
		<b>72,941.93</b>	<b>62,375.11</b>
<b>Non-Financial Liabilities</b>			
Current tax Liabilities (Net)		48.07	2.12
Provisions	23	127.56	107.59
Insurance Contract Liabilities	24	4,091.61	3,620.47
Other Non-Financial Liabilities	24	47.65	47.48
		<b>4,314.89</b>	<b>3,777.66</b>
<b>Equity</b>			
Equity share capital	25	18.77	18.77
Other Equity	26	5,367.17	4,571.81
		<b>5,385.94</b>	<b>4,590.58</b>
Non Controlling Interest	46	5,972.80	5,111.31
		<b>11,358.74</b>	<b>9,701.89</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>88,615.56</b>	<b>75,854.66</b>
Summary of significant accounting policies	5		

The accompanying notes are forming part of the Consolidated Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Regn No.101049W/E300004

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

**Sridharan Rangarajan**  
Director

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

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

## Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue from Operations</b>			
- Interest Income	27A	9,886.37	8,742.35
- Dividend Income	27D	1.74	2.24
- Net gain on derecognition of financial instruments under amortised cost category		-	247.27
- Gross Premium	27C	4,144.38	4,264.58
Premium ceded to reinsurers		(943.11)	(828.27)
Net Premium		3,201.27	3,436.31
- Fee & Commission income	27B	536.17	487.82
- Net gain on Fair value change on financial instruments	27E	194.23	143.01
- Service Income	27F	80.37	75.70
<b>Total Revenue from operations (I)</b>		<b>13,900.15</b>	<b>13,134.70</b>
<b>Other income (II)</b>	28	4.75	1.03
<b>Total Income (III) = (I) + (II)</b>		<b>13,904.90</b>	<b>13,135.73</b>
<b>Expenses</b>			
- Finance costs	29	4,607.82	4,592.40
- Insurance Claims (net of re-insurance)	30	2,379.77	2,571.92
- Impairment of Financial Instruments	31	1,433.25	1,177.99
- Employee benefits expense	32	935.50	837.29
- Depreciation and amortisation expense	16,17	145.47	149.81
- Other expenses	33	2,002.81	2,000.70
<b>Total Expenses (IV)</b>		<b>11,504.62</b>	<b>11,330.11</b>
<b>Profit before tax (V) = (III) - (IV)</b>		<b>2,400.28</b>	<b>1,805.62</b>
<b>Tax expense/(benefit)</b>			
Current tax			
- Pertaining to profit for the current period		896.30	687.30
- Adjustment of tax relating to earlier periods		3.92	0.03
Deferred tax		(263.84)	(45.49)
<b>Net tax expense (VI)</b>		<b>636.38</b>	<b>641.84</b>
<b>Profit before share of profit/(loss) of Associates &amp; Joint Venture - A = (V) - (VI)</b>		<b>1,763.90</b>	<b>1,163.78</b>
<b>Share of profit/(loss) of associates &amp; Joint venture (net) - after tax (B)</b>		<b>0.32</b>	<b>1.27</b>
<b>Profit for the year - (C) = (A) + (B)</b>		<b>1,764.22</b>	<b>1,165.05</b>
<b>Other Comprehensive income:</b>			
<b>i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains and (losses) on defined benefit obligations (net)		(1.74)	(5.41)

## Consolidated Ind AS Statement of Profit and Loss

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Tax on above adjustments		0.43	1.36
Net gain/(loss) on FVTOCI equity securities		6.49	(6.93)
Tax on above adjustments		(0.38)	0.08
<b>ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Net gain/(loss) on FVTOCI debt securities		(47.17)	-
Tax on above adjustments		11.87	-
Hedge Reserve		(45.21)	(92.32)
Tax on above adjustments		11.38	32.61
<b>Other comprehensive income/(loss) for the year, net of tax (D)</b>		<b>(64.33)</b>	<b>(70.61)</b>
<b>Total comprehensive income for the year, net of tax (C + D)</b>		<b>1,699.89</b>	<b>1,094.44</b>
<b>Profit for the year attributable to</b>			
Equity holders of the parent		824.64	550.85
Non-controlling interest		939.58	614.20
<b>Other comprehensive income for the year, net of tax</b>			
Equity holders of the parent		(34.14)	(32.64)
Non-controlling interest		(30.19)	(37.97)
<b>Total comprehensive income for the year, net of tax</b>			
Equity holders of the parent		790.50	518.21
Non-controlling interest		909.39	576.23
Earnings per equity share of ₹1 each			
- Basic (₹)		43.93	29.35
- Diluted (₹)		43.93	29.34
Summary of significant accounting policies	5		

The accompanying notes are forming part of the Consolidated Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

## Consolidated Ind AS Statement of Changes in Other Equity

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

### a) Equity Share Capital

Particulars	No of shares	Amount
<b>Balances as on April 1, 2019</b>	18,76,92,234	18.77
Add: Shares amounting to ₹23,796 issued during the year	23,796	0.00
<b>Balances as on March 31, 2020</b>	18,77,16,030	18.77
Add: Shares amounting to ₹6,952 issued during the year	6,952	0.00
<b>Balances as on March 31, 2021</b>	18,77,22,982	18.77

### b) Other Equity

Particulars	Share application money pending allotment	Reserve and Surplus					Items of other comprehensive income			Total non-controlling interest	Total attributable to equity holders of the parent				
		Statutory Reserve	Capital Redemption Reserve	Capital Reserve on Consolidation	Debt Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve			Fair valuation of Investment	Effective portion of cashflow hedge	Total	
<b>Opening Balance as at April 01, 2019</b>	0.30	1,092.97	20.01	39.15	(39.82)	20.00	1,398.97	3,390.73	1,705.20	18.61	7.06	(12.07)	7,641.11	3,920.86	3,924.83
Profit for the year	-	-	-	-	-	-	-	-	1,165.05	-	-	-	1,165.05	614.20	550.85
Other Comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(4.05)	-	(6.85)	(59.71)	(70.61)	(37.97)	(32.64)
Movement during the year	(0.20)	-	-	-	-	-	890.92	-	-	11.56	-	-	902.28	494.60	410.78
Adjustments on account of change in equity interest in subsidiaries/ associate	-	-	-	-	(22.89)	-	-	-	-	-	-	-	(22.89)	228.81	(250.49)
Dividend including DDT	-	-	-	-	-	-	-	-	(140.71)	-	-	-	(140.71)	(109.19)	(31.52)
Transfer to reserves from retained earnings during the year	-	236.67	-	-	-	-	-	600.00	(836.67)	-	-	-	-	-	-
<b>Closing balance as at March 31, 2020</b>	0.10	1,329.64	20.01	39.15	(62.71)	20.00	2,289.89	3,990.73	1,888.82	30.17	0.21	(71.78)	9,474.23	5,111.31	4,571.81
Profit for the year	-	-	-	-	-	-	-	-	1,764.22	-	-	-	1,764.22	939.58	824.64



## Consolidated Ind AS Statement of Changes in Other Equity

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Share application money pending allotment	Reserve and Surplus						Items of other comprehensive income			Total non-controlling interest	Total attributable to equity holders of the parent		
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Capital Reserve on Consolidation	Debt Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve			Fair valuation of Investment	Effective portion of cashflow hedge
Other Comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(1.31)	-	(29.19)	(33.83)	(64.33)	(30.19)	(34.14)
Movement during the year	(0.10)	-	-	-	-	-	9.49	-	5.63	-	-	15.02	8.12	6.95
Adjustments on account of change in equity interest in subsidiaries	-	-	-	-	(0.07)	-	-	-	-	-	-	(0.07)	2.06	(2.09)
Dividend including DDT	-	-	-	-	-	-	-	(58.08)	-	-	-	(58.08)	(58.08)	-
Transfer to reserves from retained earnings during the year	-	314.35	-	-	-	-	-	902.96	(2.96)	-	-	-	-	-
<b>Closing balance as at March 31, 2021</b>	-	<b>1,643.99</b>	<b>20.01</b>	<b>39.15</b>	<b>(62.78)</b>	<b>20.00</b>	<b>2,299.38</b>	<b>4,893.69</b>	<b>2,379.30</b>	<b>32.84</b>	<b>(28.99)</b>	<b>11,130.99</b>	<b>5,972.80</b>	<b>5,367.17</b>

Summary of Significant Accounting Policies - Note 5

The accompanying notes are forming part of the Consolidated Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Regn No.101049W/E300004

per **Aravind K**

Partner

Membership No: 221268

Place : Chennai

Date : May 14, 2021

**Sridharan Rangarajan**

Director

**E Krithika**

Company Secretary

**M M Murugappan**

Chairman

**N Ganesh**

Manager & Chief Financial Officer

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

## Consolidated Ind AS Cash Flow Statement

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>2,400.28</b>	<b>1,805.62</b>
Adjustments for :-		
Depreciation and amortisation expense	145.47	149.81
Impairment of financial instruments	1,433.25	1,177.99
Finance Costs	4,607.82	4,592.40
(Profit) / Loss on Sale of Property plant and equipment ( Net )	0.20	(0.09)
Net gain on fair value change in financial instruments	(194.23)	(141.61)
Interest Income on deposits and investments	(1,009.16)	(861.78)
Dividend on Investments	(1.74)	(2.24)
Interest on Income tax refund	(3.78)	-
Share based payment expense	5.64	11.61
	4,983.47	4,926.09
<b>Operating Profit Before Working Capital Changes</b>	<b>7,383.75</b>	<b>6,731.71</b>
Adjustments for :-		
(Increase)/Decrease in operating Assets		
- Loans	(11,765.72)	(8,040.20)
- Receivables	(32.11)	17.15
- Insurance assets	(232.03)	275.83
- Other Financial Assets	(112.00)	(314.53)
- Purchase / Sale / Maturity of Other Investments (Net)	(2,753.48)	(1,485.55)
- Other Non Financial Assets	(4.60)	(80.47)
	(14,899.94)	(9,627.77)
Proceeds from de-recognition of financial assets recognised at amortised cost	-	4,357.89
Increase/(Decrease) in operating liabilities		
- Payables	371.29	(158.87)
- Other Financial liabilities	148.66	(23.33)
- Provisions	19.97	20.46
- Insurance Contracts liabilities	1,719.43	1,401.38
- Other Non-Financial liabilities	0.17	(11.02)
<b>Cash Flow used in Operations</b>	<b>(5,256.67)</b>	<b>2,690.45</b>
Finance Costs paid	(4,571.41)	(4,708.78)
Interest Received on deposits and investments	945.72	883.12
Dividend received	1.74	2.24
Income tax paid (Net of refunds)	(838.54)	(781.21)
<b>Net Cash Used in Operating Activities (A)</b>	<b>(9,719.16)</b>	<b>(1,914.18)</b>

## Consolidated Ind AS Cash Flow Statement

For the year ended March 31, 2021

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Intangible Assets	(64.14)	(97.93)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	2.07	1.44
<b>Net Cash Used in Investing Activities (B)</b>	<b>(62.07)</b>	<b>(96.49)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital (Including Securities Premium)	9.58	0.47
Proceeds from issue of Shares by subsidiary to non controlling interest	-	895.84
Proceeds from issue of debt securities	18,910.73	19,405.25
Redemption of Debt securities	(13,746.71)	(26,052.86)
Borrowing - Other than debt securities	48,338.50	45,113.24
Repayment of borrowing - Other than debt securities	(44,491.91)	(33,933.50)
Proceeds from issue of subordinated liabilities	145.00	450.00
Repayment of subordinated liabilities	(346.50)	(295.00)
Payment of Lease Liabilities	(82.21)	(65.97)
Purchase of shares in subsidiary from non-controlling interest	-	(24.26)
	8,736.48	5,493.21
Investment in Fixed Deposits (Net of withdrawals)	(884.20)	(2,924.71)
Dividends Paid (Including Distribution Tax)	(58.41)	(141.30)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>7,793.87</b>	<b>2,427.20</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,987.36)</b>	<b>416.53</b>
Cash and Cash Equivalents at the Beginning of the year	3,695.69	3,279.16
Cash and Cash Equivalents at the End of the year	1,708.33	3,695.69

Summary of Significant Accounting Policies - Note 5

The accompanying notes are forming part of the Consolidated Ind AS Financial Statements

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

Place : Chennai  
Date : May 14, 2021

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer

## Notes to Consolidated Ind AS Financial Statements

### 1. Corporate Information

**Cholamandalam Financial Holdings Limited** (“the Company”) (CIN: L65100TN1949PLC002905) is a public limited company domiciled in India. The Company is listed on Bombay Stock Exchange and National Stock Exchange. The Registered Office of the Company is located at Dare House, No.234, NSC Bose Road, Chennai-600 001, Tamil Nadu.

Pursuant to a scheme of arrangement (“the Scheme”) the manufacturing business undertaking of the Company was vested in/ transferred to Tube Investments of India Limited (“the Resulting Company”) vide the order of the National Company Law Tribunal, Chennai (“NCLT”) dated July 17, 2017. The Scheme had an appointed date of April 1, 2016 and came into effect from August 1, 2017. The Company has obtained certificate of registration as a Core Investment Company from Reserve Bank of India (‘RBI’) on January 06, 2020.

The Company undertakes financial services business through its Subsidiaries - Cholamandalam MS General Insurance Company Limited for general insurance business and Cholamandalam Investment and Finance Company Limited (and its subsidiaries) for lending operations, stock broking, depository and equity research services to retail, corporate and institutional clients and distribution of financial products like insurance, mutual funds, fixed deposits and bonds. Risk advisory services is carried out through a joint venture entity Cholamandalam MS Risk Services Limited. The Company and its Subsidiaries are together referred to as “the Group”

The Consolidated Ind AS Financial Statements are presented in Indian Rupees which is also functional currency of the Group and all values are rounded to the nearest crore, except when otherwise indicated.

The Consolidated Ind AS Financial Statements were authorised for issue in accordance with a resolution of the directors on May 14, 2021.

### 2. Basis of Consolidation

The Consolidated Ind AS Financial Statements comprise the financial statements of the Company, its subsidiaries (being the entities that it controls including de facto control) its Associate and Joint Venture as at March 31, 2021. Control is evidenced

when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights
- The size of the Group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Ind AS financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member’s financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group’s accounting policies.

The Financial Statements of all entities used for the purpose of consolidation are drawn up to same

## Notes to Consolidated Ind AS Financial Statements

reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated Ind AS financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated Ind AS financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the

unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

### Investments in Associate and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

## Notes to Consolidated Ind AS Financial Statements

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising

its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associate or joint venture.

### 3. Particulars of consolidation

The financial statements of the following subsidiaries/Associate/Joint Venture (all incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of voting Power as on	
	March 31, 2021	March 31, 2020
Subsidiary -Cholamandalam Investment and Finance Company Limited (CIFCL)	45.47%	45.50%
Subsidiaries of CIFCL		
Cholamandalam Home Finance Limited (CHFL) (formerly known as Cholamandalam Distribution Services Limited)	100.00%	100.00%
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Associate of CIFCL		
White Data Systems India Private Limited	30.87%#	30.87%#
Vishvakarma Payments Private Limited (w.e.f.March 30,2021)	21.00%#	-#

## Notes to Consolidated Ind AS Financial Statements

Name of the Company	Percentage of voting Power as on	
	March 31, 2021	March 31, 2020
Subsidiary - Cholamandalam MS General Insurance Company Limited (CMSGICL)	60.00%	60.00%
Subsidiary - Cholamandalam Health Insurance Limited	-	99.86%
Joint Venture - Cholamandalam MS Risk Services Limited (CMSRSL)	49.50%	49.50%

# % of holding of CIFCL

### 4. Basis of Preparation

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

The consolidated Ind AS financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, fair value through profit and loss (FVTPL) instruments, derivative financial instruments and certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)."

#### 4.1. Impact of COVID-19 on Group's Operations

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

#### CIFCL

**4.1a** In accordance with the Reserve bank of India (RBI) guidelines related to "COVID-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020, CIFCL has offered moratorium to its customers based on their eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, CIFCL offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for COVID-19 related stress' dated August 6, 2020.

The impact of COVID-19 pandemic including the ongoing "second wave", on CIFCL's operations and financial metrics, will depend on the future

developments, which are highly uncertain. Management of CIFCL continues to monitor the evolving situation on an ongoing basis and has considered events up to the date of these financial statements, to determine the financial implications including in respect of Expected Credit Loss (ECL) provisioning, as at March 31, 2021, and has made cumulative expected credit loss provision for loans as on March 31, 2021 which aggregates to ₹2,444 Crore (₹1,523 crore for March 31, 2020). CIFCL holds a management overlay of ₹1,100 crore as at March 31, 2021 (₹534 crore - March 31, 2020) as part of its ECL provision. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing COVID-19 pandemic and related events.

#### CMSGICL

**4.1b** CMSGICL has assessed the impact of COVID-19 on its operations, and its financial statements. The assessment includes but not limited to valuation of policy related liabilities and solvency position of CMSGICL as at March 31, 2021. CMSGICL continues to closely monitor the implications of the second wave on its operations and financial statements, which are dependent on emerging uncertain developments.

#### 4.2. Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in notes to the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent

## Notes to Consolidated Ind AS Financial Statements

on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- ▶ The normal course of business
- ▶ The event of default
- ▶ The event of insolvency or bankruptcy of the Group and/or its Counterparties

### 4.3. Standards issued but not yet effective

There are no new standards / amendments to the standards that have been issued but not yet effective as at March 31, 2021.

## 5. Significant accounting policies

### 5.1. Financial instruments – Initial recognition

#### 5.1.1. Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

#### 5.1.2. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from, this amount.

#### 5.1.3. Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- ▶ Amortised cost
- ▶ FVTPL
- ▶ FVTOCI

### 5.2. Financial assets and liabilities

#### 5.2.1. Bank balances, Loans and Trade receivables at amortised cost

The Group measures Bank balances, Loans and Trade receivables at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

#### 5.2.2. Business model assessment

The Group determines its business model at the level that best reflects how it manages Group's financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.



## Notes to Consolidated Ind AS Financial Statements

If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### 5.2.3. The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

### 5.2.4. Debt Instruments

#### Amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) 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 and losses arising from impairment are recognised in the statement of profit and loss.

#### FVTOCI

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 SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of Profit and Loss.

### 5.2.5. Equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established,

## Notes to Consolidated Ind AS Financial Statements

except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

### 5.2.6. Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on funds borrowed, and costs that are an integral part of the EIR.

### 5.2.7. Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the Expected Credit Loss (ECL) requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

### 5.2.8. Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or changes the business model for managing those assets except where such sales are insignificant considering the size of the operations or exceptional situation for liquidating the assets in accordance with the Asset Liability Management policy of the Group. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations which is evident to external parties. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The Group did not reclassify any of its financial assets or liabilities in 2020-21 and 2019-20.

## 5.3. Derecognition of financial assets and liabilities

### 5.3.1. Derecognition of financial assets due to substantial modification

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

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

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

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

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

### 5.3.2. Derecognition of financial assets other than due to substantial modification

#### 5.3.2.1. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

## Notes to Consolidated Ind AS Financial Statements

- The Group has transferred its contractual rights to receive cash flows from the financial asset (or) it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset
- or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

### 5.3.2.2. Financial liabilities

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

## 5.4. Impairment of financial assets

### 5.4.1. Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the

## Notes to Consolidated Ind AS Financial Statements

lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in these notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

### Stage 1:

When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

### Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

### Stage 3:

Loans that has been credit-impaired are based on the following, for which it records an allowance for the LTECLs.

- a) Contractual payments of either principal or interest are past due for more than 90 days;
- b) The loan is considered to be in default by the management.

### The calculation of ECLs

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

#### PD:

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

#### EAD:

The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

#### LGD:

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

#### Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible

## Notes to Consolidated Ind AS Financial Statements

within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

### Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

### Stage 3:

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provision.

#### 5.4.2. Forward looking information

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

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

this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

#### 5.5. Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the Group from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans and in certain cases, also exercises its right over property through legal procedures which include seizure of the property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Group's accounting policy, repossessed assets are not recorded in the balance sheet, and instead their estimated realisable value is considered in determining the ECL allowance for the related Stage 3 financial assets.

#### 5.6. Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument in the consolidated statement of profit and loss.

#### 5.7. Restructured, rescheduled and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Group considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

Loans which have been renegotiated or modified in accordance with RBI Notifications - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21- Resolution Framework for COVID-19 related Stress and

## Notes to Consolidated Ind AS Financial Statements

RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21- Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances have been classified as Stage 2 due to significant increase in credit risk.

### 5.8. Insurance Contracts

#### 5.8.1. Determination of Insurance contract

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

#### 5.8.2. Revenue Recognition

##### Gross premiums

- (i) Premium (net of GST/service tax) is recognised as income on assumption of risk covered as per the terms of the policy, after adjusting for unexpired risk at each contract entered into with the customer. Any cancellations or changes in premium are accounted for in the period in which they occur.
- (ii) Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis.

The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

##### Reinsurance ceded and Commission received on reinsurance

- (i) Reinsurance premium ceded is accounted in the year of commencement of risk in accordance with the treaty arrangements with the reinsurers. In case of reinsurance contracts

of long term policies, cession is accounted for the proportionate period to which reinsurance cover is provided as per the treaty. Any related reinsurance cost is recognised when incurred and included in the premium on reinsurance ceded.

- (ii) Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies.
- (iii) Reinsurance premiums and claims have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.
- (iv) Commission on reinsurance ceded (including for long term policies) is recognised as income on ceding of reinsurance premium. In case of treaties having sliding scale commission, initial recognition would be as per treaty terms and the same is reviewed as at each reporting period. Profit commission under reinsurance treaties wherever applicable, is accrued based on the computation as per their treaty terms and the same is included in Commission on reinsurance ceded.

#### 5.8.3. Benefits and claims

##### Gross benefits and claims

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

##### Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

##### Reinsurance Recovery:

Reinsurance Recovery is recognised for all insurance contract liabilities based on contractual agreements with the re-insurer.

## Notes to Consolidated Ind AS Financial Statements

### 5.8.4. Insurance Contract Acquisition costs

Long Term Policies: Direct costs relating to acquisition of new / renewal of insurance contracts are expensed over the policy period.

Other than Long Term Policies: Direct costs relating to acquisition of new / renewal of insurance contracts are expensed in the year in which they are incurred.

### 5.8.5. Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on directives/regulations applicable to actuaries issued by Insurance Regulatory Development Authority (IRDA) time to time. The liability is not discounted for the time value of money as per IRDA regulations. The liabilities are derecognised when the obligation to pay a claim is discharged or is repudiated.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in accordance with the requirements of Ind AS 104 to determine whether there is any overall excess of expected claims and expenses of Management including deferred acquisition costs over unearned premiums. This calculation

uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related prepaid expenses) is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for premium deficiency.

The main assumption underlying claim projection techniques is that the past claims development experience can be used to project future claims development and hence ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses to calculate the expected ultimate claim cost.

### 5.8.6. Reinsurance ceded to reinsurance counterparties

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

### 5.8.7. Insurance Receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, insurance receivables are measured

## Notes to Consolidated Ind AS Financial Statements

at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

### 5.8.8. Insurance Payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using EIR method.

### 5.8.9. Reinsurance-Off-setting

Reinsurance assets and income or expense from reinsurance contracts are not offset against related insurance liabilities and the expense or income from the related insurance contracts, respectively.

### 5.8.10. Terrorism and Nuclear Pool

Premium received from customers on account of Terrorism cover and towards Nuclear policies has been ceded to General Insurance Corporation of India (GIC) Terrorism Pool and Nuclear Pool Account. The Group's share in the Terrorism Pool Account and Nuclear Pool Account with GIC, based on the statements of account received during the current year for the period up to December 31, 2020 and September 30, 2020 respectively.

The resultant surplus/ deficit is reflected as RI Receivable/ Payable on Terrorism and Nuclear Pool. The Group's share in the Terrorism Pool Account with GIC for the period January 1, 2021 to March 31, 2021 will be accounted on receipt of the relevant statements of account from GIC. The Group's share in the Nuclear Pool Account with GIC for the period October 1, 2020 to March 31, 2021 will be accounted on receipt of the relevant statements of account from GIC.

### 5.9. Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge

relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### 5.9.1. Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer



## Notes to Consolidated Ind AS Financial Statements

meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

### 5.10. Recognition of interest income

#### The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, to the net carrying amount of the financial asset.

#### Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account the fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan. For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses)

### 5.11. Taxes

#### 5.11.1. Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically

evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 5.11.2. Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ In respect of taxable temporary differences associated with investments in subsidiaries, and interest in joint venture where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised

## Notes to Consolidated Ind AS Financial Statements

deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 5.11.3. Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

### 5.12. Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

### 5.13. Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is similar to those provided under Schedule II. Land is not depreciated.

Asset description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Leasehold improvements	Lease period or 5 years whichever is lower

Useful life of assets based on Management's estimation and which are different from those specified in schedule II:

## Notes to Consolidated Ind AS Financial Statements

Asset description	Estimated Useful Life
Furniture and Fixtures *	5 years
Vehicles *	5 years
Other Equipment *	5 years
Membership card of stock exchanges *	10 years
Electrical Equipments *	4 years

\* Useful life of assets based on Management's estimation and which are different from those specified in schedule II. Estimated useful life of these assets based on usage and replacement policy of such assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

### 5.14. Intangible Assets

The Group's intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if

any, and are amortised over their estimated useful life on the straight line basis over a 3 year period or the license period whichever is lower. The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

### 5.15. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate

## Notes to Consolidated Ind AS Financial Statements

for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### 5.16. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises

contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Employees' State Insurance:** The Group contributes to Employees State Insurance Scheme and recognizes such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**Superannuation:** The Group contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India ("LIC"). The Group has no liability for future Superannuation Fund benefits other than its contribution and recognizes such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

The Group makes contribution to a Gratuity Fund administered by trustees and managed by LIC. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

## Notes to Consolidated Ind AS Financial Statements

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

### 5.17. Share Based Payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves/ stock options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled, in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

### 5.18. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

### 5.19. Dividends on ordinary shares

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013, in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 5.20. Determination of Fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

## Notes to Consolidated Ind AS Financial Statements

The principal or the most advantageous market must be accessible by the Group.

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

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

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- ▶ Level 1 financial instruments Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- ▶ Level 2 financial instruments Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be

required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

- ▶ Level 3 financial instruments Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

### 5.21. Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

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

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

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

## Notes to Consolidated Ind AS Financial Statements

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

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Also refer 5.8.2 for revenue recognition on insurance contracts and 5.10 for recognition of interest income.

### 5.21.1. Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

### 5.21.2. Service Income

- a) Fee income from loans are recognised upon satisfaction of following:
  - i) Completion of service and
  - ii) Certainty over realisation of the fee income.
- b) Servicing and collections fees on assignment are recognised upon completion of service.
- c) Advertising income is recognised over the contract period as and when related services are rendered.
- d) Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.
- e) Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods based on completion of such service.

### 5.21.3. Contract Balances

#### Contract assets

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

#### Contract liabilities

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

### 5.21.4. Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

### 5.22. Input Tax credit (Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted, and when there is no uncertainty in availing / utilising the same. In certain circumstances, the Group can avail 50% of the input credit as per the applicable regulatory requirement hence it expenses off the balance 50% to the respective expense.

### 5.23. Foreign Currency transactions

The Group's financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional

## Notes to Consolidated Ind AS Financial Statements

currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Group at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### 5.24. Earnings Per Share

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

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

### 5.25. Segment Information

The accounting policies adopted for Segment

reporting are in line with the accounting policies of the Group with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Un-allocable".

### 5.26. Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 5.27. Cash Flow Statement

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of cash management of the Group.

### 5.28. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



## Notes to Consolidated Ind AS Financial Statements

### a. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

### b. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there

is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Lease Liability is disclosed as a part of Other Financial Liabilities.

### c. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. ROU assets Lease liabilities include these options when it is reasonably certain that they will be exercised. Lease payments on short-term and low-value leases are recognised as expense on a straight-line basis over the lease term.

### 5.29. Trade receivable

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

### 5A. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the

## Notes to Consolidated Ind AS Financial Statements

disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

In the process of applying the Group's accounting policies, management has made the following judgements/estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### i. De-recognition of Financial instruments

The Group enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Group has been exposed to. Based on this assessment, the Group believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Group hence it has been concluded that securitisation transactions entered by the Group does not qualify de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

### ii. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance

sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Fair value note in Accounting policy.

### iii. Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- ▶ The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- ▶ The segmentation of financial assets when their ECL is assessed on a collective basis
- ▶ Development of ECL models, including the various formulas and the choice of inputs
- ▶ Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

CIFCL has considered the impact of COVID-19 pandemic and the moratorium given to

## Notes to Consolidated Ind AS Financial Statements

borrowers pursuant to the COVID-19 regulatory package announced by Reserve Bank of India, in determination of impairment allowance for the year. Also refer note 4.1a

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

#### iv. Provisions and other contingent liabilities

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be possible or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

#### v. Evaluation of De-facto Control in the case of control over Cholamandalam Investment and Finance Company Limited ("CIFCL")

The Group based on the nature and extent of holding in CIFCL, has evaluated the applicability of de-facto control over CIFCL as per the guidelines of Ind AS 110. In accordance with such guidelines, the control assessment is done in the context of the dispersion of the holdings of the other shareholders who have the right to vote, past experience/trends of voting pattern and the current ability of the group to direct the relevant activities unilaterally. Accordingly, CIFCL has been identified as a subsidiary based on the defacto control that the group is able to exercise.

#### vi. Insurance Contract Liabilities

For Insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date Incurred

But Not Recorded (IBNR) and also claims Incurred But Not Enough Reported (IBNER). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder. The said liability is determined by Appointed Actuary based on actuarial principles. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the applicable regulations.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

## Notes to Consolidated Ind AS Financial Statements

### vii. Leases

#### a. Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

#### b. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to for its borrowings.

### viii. Business Model Assessment.

The Group from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the business model for managing its financial assets become a critical judgement.

Further, the Group also made an investment in the Government securities in order to comply

the liquidity ratio compliance as required by RBI pursuant to its master directions. The Group intends to hold these assets till maturity expects that any sale, if any, necessitated by requirements are likely to be infrequent and immaterial. Accordingly, the related assessment becomes a critical judgement to determine the business model for such financial assets under Ind AS.

Refer Note 5.2.2 for related details.

### 5B. Amendments to Ind AS 116: COVID-19-Related Rent Concessions

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

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

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 6A Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	31.83	3.33
Balances with banks		
- In Current Accounts	1,528.46	647.57
- In Deposit Accounts - Original maturity 3 months or less	112.20	3,035.64
Cheques, drafts on hand	35.84	9.15
<b>Total</b>	<b>1,708.33</b>	<b>3,695.69</b>

### Note 6B : Bank Balances Other than Cash and Cash Equivalents

- In Deposit Accounts - Original maturity more than 3 months including interest accrued	3,570.20	3,204.26
- Non current bank balances	8.36	8.37
- In earmarked accounts		
- In Unpaid Dividend Accounts	2.30	2.63
- Deposits with Banks as collateral towards securitisation loan	319.78	378.37
- Deposits with Banks under lien (Refer Note 6.1 to 6.3 below)	17.81	14.21
- Deposits with Banks as collateral towards Overdraft facility	570.00	-
- Other deposit Account	0.08	0.08
Other bank balances		
- On client and exchange related accounts & other deposits	7.02	10.57
<b>Total</b>	<b>4,495.55</b>	<b>3,618.49</b>
6.1 Deposits given as margin against Bank Guarantee.	1.23	0.60
6.2 Funds earmarked for Unclaimed Amount of Policy Holders Liability as per IRDA regulations	5.85	2.88
6.3 As collateral towards interest obligation on borrowing as at March 31, 2020. As at March 31, 2021 the loan has been repaid completely and final communication acknowledging the release of lien is awaited and the same is expected to be received in the first quarter of FY 21-22.	10.73	10.73

### Note: 7 Derivative financial instruments

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilities	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
<b>Part I</b>						
(i) Other derivatives - Cross Currency Interest Rate Swap	2,243.73	26.34	9.14	2,343.73	114.20	-
(ii) Interest rate Swaps	1,402.86	19.53	-	-	-	-
(iii) Forward Contracts	1,402.86	-	118.28	-	-	-
<b>Total Derivative financial Instruments</b>	<b>5,049.45</b>	<b>45.87</b>	<b>127.42</b>	<b>2,343.73</b>	<b>114.20</b>	<b>-</b>
<b>Part II</b>						

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilities	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
(i) Others - Cross Currency Interest Rate Swap	2,243.73	26.34	9.14	2,343.73	114.20	-
(ii) Interest rate Swaps	1,402.86	19.53	-	-	-	-
(iii) Forward Contracts	1,402.86	-	118.28	-	-	-
<b>Total Derivative financial Instruments</b>	<b>5,049.45</b>	<b>45.87</b>	<b>127.42</b>	<b>2,343.73</b>	<b>114.20</b>	<b>-</b>

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction represents Currency and Interest Rate Swaps. The Group undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee of the respective companies periodically monitors and reviews the risks involved.

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

### Note: 8 Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Trade Receivables		
Secured - Considered good*	50.64	26.87
Unsecured - Considered good	5.97	3.32
	56.61	30.19
Provision for Impairment on receivables	(0.01)	-
	<b>56.60</b>	<b>30.19</b>
Trade Receivables credit impaired	0.44	0.17
Provision for Impairment on receivables	(0.44)	(0.17)
Total Trade receivables		
Considered good	56.61	30.19
Trade Receivables credit impaired	0.44	0.17
<b>Total</b>	<b>57.05</b>	<b>30.36</b>
Provision for Impairment on receivables	(0.45)	(0.17)
<b>Subtotal (i)</b>	<b>56.60</b>	<b>30.19</b>
(ii) Other Receivables		
Considered Good *	38.72	33.02
Doubtful	-	-
<b>Subtotal (ii)</b>	<b>38.72</b>	<b>33.02</b>
<b>Total (i)+(ii)</b>	<b>95.32</b>	<b>63.21</b>

\* includes dues from related parties (Refer Note 40)

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note: 9 Insurance Contract Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Due from Insurers (A)	63.03	50.23
Terrorism Pool Receivables	160.15	142.56
Less: Provision for Impairment	-	-
Terrorism Pool Receivables (Net of Provision) (B)	160.15	142.56
Nuclear Pool Receivables (C)	5.12	4.05
Premium Receivable		
- Considered Good (D)	21.03	44.83
- Assets with significant increase in credit risk (E)	33.12	50.27
Less: Provision for Impairment (F)	(2.73)	(4.15)
- Assets with significant increase in credit risk (Net of Provisions) (G) = (E-F)	30.39	46.12
<b>Total (A+B+C+D+G)</b>	<b>279.72</b>	<b>287.79</b>

### Movement in Provision for Impairment

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
At the beginning of the year	4.15	5.16
Movement in Expected credit loss allowances on receivables	(1.42)	(1.01)
At the end of the year	2.73	4.15

### Note : 10A Reinsurance Assets- Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Recoverable arising from Claims Outstanding	780.28	658.80
<b>Total</b>	<b>780.28</b>	<b>658.80</b>

### Note : 10B Reinsurance Assets - Non Financial Assets

Recoverable arising from Provision for premium deficiency	(2.05)	-
Recoverable arising from Provision for unearned premiums	721.32	600.65
<b>Total</b>	<b>719.27</b>	<b>600.65</b>

### Note : 11 Loans

(At amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Bills Discounted	134.17	85.98
(ii) Term loans	68,149.58	56,832.72
<b>Total (A) Gross</b>	<b>68,283.75</b>	<b>56,918.70</b>
Less: Impairment Allowance for (i) & (ii)	(2,444.41)	(1,522.97)
<b>Total (A) Net</b>	<b>65,839.34</b>	<b>55,395.73</b>
(i) Secured by tangible assets	67,853.57	56,634.36

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
(ii) Unsecured	430.18	284.34
<b>Total (B) - Gross</b>	<b>68,283.75</b>	<b>56,918.70</b>
Less: Impairment Allowance	(2,444.41)	(1,522.97)
<b>Total (B) - Net</b>	<b>65,839.34</b>	<b>55,395.73</b>

All loans are in India granted to individuals or entities other than public sector.

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property and / or advances generated out of loans and / or equipments.

Term loans includes unsecured short term loan to White Data System India Private Limited-Associate. The loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Group's accounting policy has been created. The details of the same are disclosed below:

Particulars	As at March 31, 2021	As at March 31, 2020
Loan - Outstanding Value	3.40	3.40
Impairment Provision	0.00	0.00

\* Represents amount less than ₹50,000

### Note : 11.1 Loans

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Bill discounted</b>								
Opening as on April 1, 2020	51.41	0.43	34.14	85.98	0.31	0.04	31.73	32.08
New assets originated / Increase in existing assets (Net)	96.78	-	4.30	101.08	0.57	-	1.25	1.82
Exposure de-recognised / matured / repaid	(51.41)	-	(1.47)	(52.88)	(0.31)	-	(1.03)	(1.34)
Transfer to Stage 3	-	(0.43)	0.42	(0.01)	-	(0.04)	0.04	-
Impact on account of exposures transferred during the year between stages	-	-	-	-	-	-	0.38	0.38
Impact of changes on items within the same stage	-	-	-	-	-	-	1.97	1.97
<b>Closing as on March 31, 2021</b>	<b>96.78</b>	<b>-</b>	<b>37.39</b>	<b>134.17</b>	<b>0.57</b>	<b>-</b>	<b>34.34</b>	<b>34.91</b>
<b>Term loans</b>								
Opening as on April 1, 2020	52,683.33	2,020.22	2,129.17	56,832.72	390.91	233.42	866.56	1,490.89
New assets originated / Increase in existing assets (Net)	24,249.01	152.98	76.04	24,478.03	375.58	61.75	27.04	464.37
Exposure de-recognised / matured / repaid	(11,852.61)	(588.21)	(474.64)	(12,915.46)	(201.63)	(44.86)	(80.28)	(326.77)
Transfer to Stage 1	655.09	(568.14)	(86.95)	-	88.89	(60.55)	(28.34)	-
Transfer to Stage 2	(3,528.85)	3,599.80	(70.95)	-	(83.08)	107.45	(24.37)	-
Transfer to Stage 3	(813.32)	(437.17)	1,250.49	-	(21.20)	(53.57)	74.77	-



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impact on account of exposures transferred during the year between stages	1.39	104.51	78.62	184.52	1.12	481.12	345.11	827.35
Impact of changes on items within the same stage	-	-	83.82	83.82	-	-	190.77	190.77
Write off	(143.18)	(52.90)	(317.97)	(514.05)	(13.88)	(15.12)	(208.11)	(237.11)
<b>Closing as on March 31, 2021</b>	<b>61,250.86</b>	<b>4,231.09</b>	<b>2,667.63</b>	<b>68,149.58</b>	<b>536.71</b>	<b>709.64</b>	<b>1,163.15</b>	<b>2,409.50</b>
<b>Bills Discounted</b>								
Opening as on April 1, 2019	53.67	0.40	34.53	88.60	0.13	0.03	31.57	31.73
New assets originated / Increase in existing assets (Net)	51.23	0.42	2.50	54.15	0.31	0.04	1.00	1.35
Exposure de-recognised / matured / repaid	(53.49)	(0.39)	(2.89)	(56.77)	(0.13)	(0.03)	(2.30)	(2.46)
Transfer to Stage 3	-	-	-	-	-	-	-	-
Impact on account of exposures transferred during the year between stages (Net)	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	1.46	1.46
<b>Closing as on March 31, 2020</b>	<b>51.41</b>	<b>0.43</b>	<b>34.14</b>	<b>85.98</b>	<b>0.31</b>	<b>0.04</b>	<b>31.73</b>	<b>32.08</b>
<b>Term Loans</b>								
Opening as on April 1, 2019	49,972.73	2,076.17	1,403.98	53,452.88	186.90	197.24	514.84	898.98
New assets originated / Increase in existing assets (Net)	25,491.93	258.34	95.14	25,845.41	286.40	39.82	40.31	366.53
Exposure de-recognised / matured / repaid	(20,604.21)	(1,133.88)	(484.97)	(22,223.06)	(132.14)	(50.73)	(74.97)	(257.84)
Transfer to Stage 1	596.40	(559.72)	(36.68)	-	61.61	(51.84)	(9.77)	-
Transfer to Stage 2	(1,845.91)	1,872.14	(26.23)	-	(8.11)	14.91	(6.80)	-
Transfer to Stage 3	(760.58)	(429.31)	1,189.89	-	(3.48)	(39.81)	43.29	-
Impact on account of exposures transferred during the year between stages (Net)	1.39	6.82	25.62	33.83	2.32	146.04	328.67	477.03
Impact of changes on items within the same stage	-	-	44.89	44.89	-	-	86.79	86.79
Write off	(168.42)	(70.34)	(82.47)	(321.23)	(2.59)	(22.21)	(55.80)	(80.60)
<b>Closing as on March 31, 2020</b>	<b>52,683.33</b>	<b>2,020.22</b>	<b>2,129.17</b>	<b>56,832.72</b>	<b>390.91</b>	<b>233.42</b>	<b>866.56</b>	<b>1,490.89</b>

ECL across stages have been computed on collective basis.

The Group uses Days past due of the customer to determine the credit quality of loans

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 12A Investments In Associate & Joint Venture \*

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investment in Equity Instruments</b>		
a) Associate	24.24	24.77
b) Joint Venture	12.91	12.06
<b>Total (A)</b>	<b>37.15</b>	<b>36.83</b>

### Note : 12B Other Investments \*\*

a) Debt Securities - At amortised cost	5,156.25	6,386.07
b) Debt Securities & AIF - FVTPL	1,140.08	2,506.59
c) Debt Securities - FVOCI	5,207.23	-
d) Equity Instruments - FVTPL	108.20	78.16
e) Equity Instruments - FVOCI	13.56	10.09
f) Mutual funds - FVTPL	141.55	86.00
<b>Total Other Investments (Gross)</b>	<b>11,766.87</b>	<b>9,066.91</b>
Less: Impairment allowance	(126.00)	(211.06)
<b>Total Other Investments (Net) (B)</b>	<b>11,640.87</b>	<b>8,855.85</b>
<b>Total Investments (A)+(B)</b>	<b>11,678.02</b>	<b>8,892.68</b>

\* All Investments represented above are made in India

\*\* The Group has designated certain unquoted investments at FVOCI on the basis that these are not held for trading.

### Analysis of changes in the Gross Carrying amount and corresponding ECL allowances in relation to Investment at Amortised Cost

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Opening as on April 1, 2020</b>	5,577.65	422.56	385.86	6,386.07	0.25	0.18	210.63	211.06
Assets purchased during the year	1,545.89	-	-	1,545.89	-	-	-	-
Net impact of interest accrued during the year and amounts derecognised on maturity/sale	(2,352.55)	(234.34)	8.75	(2,578.14)	(0.12)	(0.06)	-	(0.18)
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
Investments Written off	-	-	(197.57)	(197.57)	-	-	(197.57)	(197.57)
Additional impairment allowances made during the year	-	-	-	-	0.63	0.01	112.05	112.69
<b>Closing as on March 31, 2021</b>	<b>4,770.99</b>	<b>188.22</b>	<b>197.04</b>	<b>5,156.25</b>	<b>0.76</b>	<b>0.13</b>	<b>125.11</b>	<b>126.00</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Opening as on April 1, 2019</b>	3,530.85	215.34	144.91	3,891.10	2.15	0.24	14.50	16.89
Assets purchased during the year	3,339.67	-	47.90	3,387.57	-	-	-	-
Net impact of interest accrued during the year and amounts derecognised on maturity/sale	(726.75)	(52.08)	(26.41)	(805.24)	(0.09)	-	-	(0.09)
Transfer to Stage 1	115.92	(115.92)	-	-	0.01	(0.01)	-	-
Transfer from Stage 1 to Stage 2	(422.57)	422.57	-	-	(0.19)	0.19	-	-
Transfer from Stage 1 to Stage 3	(259.47)	-	259.47	-	(1.63)	-	1.63	-
Transfer from Stage 2 to Stage 3	-	(47.35)	47.35	-	-	(0.24)	0.24	-
Investments Written off	-	-	(87.36)	(87.36)	-	-	(87.36)	(87.36)
Additional impairment allowances made during the year	-	-	-	-	-	-	281.62	281.62
<b>Closing as on March 31, 2020</b>	<b>5,577.65</b>	<b>422.56</b>	<b>385.86</b>	<b>6,386.07</b>	<b>0.25</b>	<b>0.18</b>	<b>210.63</b>	<b>211.06</b>

### Note: 13 Other Financial Asset (At Amortised Cost)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - considered good</b> (unless otherwise stated)		
Security Deposits	70.48	59.82
Interest Only Strip receivable	414.06	357.82
Accrued Income on Debt Securities at FVTPL	17.25	38.31
Accrued Income on Debt Securities at FVOCI	100.94	-
Other Receivable/Accrued Income - Others	30.18	81.55
COVID Ex-gratia Claim Receivable	96.47	-
<b>Total</b>	<b>729.38</b>	<b>537.50</b>

### Note : 14 Deferred Tax

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Assets</b>		
Impairment on financial instrument	651.03	433.35
Unexpired Premium Reserve (UPR) difference	168.74	112.05
Provision for Contingencies and undrawn commitments	11.32	10.04
Provision for Compensated Absences and Gratuity	22.43	17.17
Fair value changes relating to Equity-FVTPL	-	7.25
Fair Value changes related to Debt Instruments - FVTOCI	11.87	-
Impact of Effective interest rate adjustment on Financial Assets	62.81	78.15
Contract liabilities as per IND AS 115	2.62	4.13
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	17.31	9.68

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Carry forward of tax losses	-	2.54
MAT credit entitlement	0.26	2.93
Other items recognised in OCI	39.05	27.62
Others	22.39	6.66
<b>(A)</b>	<b>1,009.83</b>	<b>711.57</b>
<b>Deferred Tax Liability</b>		
Impact of Effective interest rate adjustment on Financial Liabilities	2.61	4.24
Fair value changes relating to Equity & Debt instruments-FVTPL	15.46	9.71
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	-	0.75
Deferred tax recognised on proposed dividend from subsidiary	6.57	-
Others	11.84	9.74
<b>(B)</b>	<b>36.48</b>	<b>24.44</b>
<b>Net Deferred Tax Assets (A) - (B)</b>	<b>973.35</b>	<b>687.13</b>

Particulars	As at March 31, 2021		As at March 31, 2020	
	Income Statement	OCI	Income Statement	OCI
<b>Deferred Tax Assets</b>				
Impairment on financial instrument	217.68	-	98.33	-
Unexpired Premium Reserve (UPR) difference	56.69	-	(37.54)	-
Provision for Contingencies and undrawn commitments	1.28	-	(5.62)	-
Provision for Compensated Absences and Gratuity	5.26	-	0.01	-
Fair value changes relating to Equity-FVTPL	(7.25)	-	7.25	-
Fair Value changes related to Debt Instruments - FVTOCI	-	11.87	-	-
Impact of Effective interest rate adjustment on Financial Assets	(15.34)	-	(19.46)	-
Contract Liability as per IND AS 115	(1.51)	-	(5.82)	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	7.63	-	2.86	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	0.43	-	1.36
Fair value changes relating to Equity-FVTOCI	-	(0.38)	-	0.08
Carry forward of tax losses	(2.54)	-	(0.45)	-
MAT credit entitlement	(1.85)	-	(0.34)	-
Others	15.73	-	2.58	-
<b>(A)</b>	<b>275.78</b>	<b>11.92</b>	<b>41.80</b>	<b>1.44</b>
<b>Deferred Tax Liability</b>				
Impact of Effective interest rate adjustment on Financial Liabilities	(1.63)	-	(4.32)	-
Fair value changes relating to Equity & Debt instruments -FVTPL	5.75	-	(9.04)	-
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961.	(0.75)	-	0.75	-

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Income Statement	OCI	Income Statement	OCI
Deferred tax recognised on proposed dividend from subsidiary	6.57	-	-	-
Others	2.00	-	8.92	-
Cashflow Hedge Reserve	-	(11.38)	-	(32.61)
<b>(B)</b>	<b>11.94</b>	<b>(11.38)</b>	<b>(3.69)</b>	<b>(32.61)</b>
<b>Net Deferred Tax Assets (A) - (B)</b>	<b>263.84</b>	<b>23.30</b>	<b>45.49</b>	<b>34.05</b>

### Note: 15 Investment Properties

Particulars	Total
<b>Gross carrying amount as at April 01, 2019</b>	<b>28.96</b>
Additions	-
Disposals	-
<b>Gross carrying amount as at March 31, 2020</b>	<b>28.96</b>
Additions	-
Disposals	-
<b>Gross carrying amount as at March 31, 2021</b>	<b>28.96</b>
<b>Accumulated depreciation and impairment</b>	
<b>Balance as at April 01, 2019</b>	-
Depreciation for the year	-
Depreciation on disposals	-
<b>Balance as at March 31, 2020</b>	-
Depreciation for the year	-
Depreciation on disposals	-
<b>Balance as at March 31, 2021</b>	-
<b>Net Carrying amount</b>	
<b>As at March 31, 2020</b>	<b>28.96</b>
<b>As at March 31, 2021</b>	<b>28.96</b>

The Group's investment property consists of 5 properties, of which one is a vacant site and one is let out as at March 31, 2021.

#### i) Income earned and expense incurred in connection with Investment Property

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rental Income	0.04	0.04
Direct Operating expense for property that generated rental income	0.01	0.01
Direct Operating expense for property that did not generate rental income	-	-

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

### iii) Leasing Arrangements

Certain investment properties are leased out to tenants under cancellable operating lease.

### iv) Fair Value

Particulars	As at March 31, 2021	As at March 31, 2020
Investment Property	27.94	27.89

### v) Sensitivity analysis

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair Value (₹ in Crs)	Sensitivity (₹ in Crs)
Investment property As at March 31, 2021	Based on Market value	Price per Sq. feet	₹7000 - ₹13,000 per Sq. ft.	5%	27.94	1.40
Investment property As at March 31, 2020	Based on Market value	Price per Sq. feet	₹7000 - ₹13,000 per Sq. ft.	5%	27.89	1.40

### Note: 16 - Property, Plant and Equipment

Particulars	Freehold Land	Buildings		Computer Equipment		Office Equipment		Furniture and Fixtures	Leasehold Improvements	Vehicles	Total Tangible asset
		Own Assets	Right of Use Asset	Own Assets	Right of Use Asset	Own Assets	Right of Use Asset				
<b>Gross carrying amount as at April 01, 2019</b>	45.36	58.79	-	72.64	-	24.54	-	19.12	43.69	15.12	279.26
Additions	-	1.37	199.77	31.30	10.11	8.73	14.52	6.85	15.30	6.88	294.83
Disposals	-	3.98	1.93	1.04	-	1.36	-	0.85	1.75	2.80	13.71
<b>Gross carrying amount as at March 31, 2020</b>	45.36	56.18	197.84	102.90	10.11	31.91	14.52	25.12	57.24	19.20	560.38
Additions	0.07	0.55	20.29	19.04	14.11	1.95	25.86	1.04	1.66	2.98	87.55
Disposals	-	-	1.58	0.76	-	0.37	-	0.23	0.37	5.14	8.45
<b>Gross carrying amount as at March 31, 2021</b>	45.43	56.73	216.55	121.18	24.22	33.49	40.38	25.93	58.53	17.04	639.48
<b>Accumulated depreciation / amortisation and impairment</b>											
<b>Balance as at April 01, 2019</b>	-	1.93	-	39.84	-	10.49	-	11.40	16.93	1.35	81.94
Depreciation for the year	-	4.86	51.20	25.58	2.84	6.04	3.98	7.10	12.58	4.63	118.81

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Freehold Land	Buildings		Computer Equipment		Office Equipment		Furniture and Fixtures	Leasehold Improvements	Vehicles	Total Tangible asset
		Own Assets	Right of Use Asset	Own Assets	Right of Use Asset	Own Assets	Right of Use Asset				
Depreciation on disposals	-	3.98	-	1.06	-	0.61	-	1.21	1.64	1.93	10.43
<b>Balance as at March 31, 2020</b>	-	<b>2.81</b>	<b>51.20</b>	<b>64.36</b>	<b>2.84</b>	<b>15.92</b>	<b>3.98</b>	<b>17.29</b>	<b>27.87</b>	<b>4.05</b>	<b>190.32</b>
Depreciation for the year	-	1.05	53.86	24.59	5.42	6.18	8.59	3.29	10.49	4.78	118.25
Depreciation on disposals	-	-	0.56	0.67	-	0.25	-	0.22	0.34	3.12	5.16
<b>Balance as at March 31, 2021</b>	-	<b>3.86</b>	<b>104.50</b>	<b>88.28</b>	<b>8.26</b>	<b>21.85</b>	<b>12.57</b>	<b>20.36</b>	<b>38.02</b>	<b>5.71</b>	<b>303.41</b>
<b>Net Carrying amount</b>											
<b>As at March 31, 2020</b>	<b>45.36</b>	<b>53.37</b>	<b>146.64</b>	<b>38.54</b>	<b>7.27</b>	<b>15.99</b>	<b>10.54</b>	<b>7.83</b>	<b>29.37</b>	<b>15.15</b>	<b>370.06</b>
<b>As at March 31, 2021</b>	<b>45.43</b>	<b>52.87</b>	<b>112.05</b>	<b>32.90</b>	<b>15.96</b>	<b>11.64</b>	<b>27.81</b>	<b>5.57</b>	<b>20.51</b>	<b>11.33</b>	<b>336.07</b>

### Note

- Details of Immovable properties of land and buildings whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security has been explained in Note 19.1
- The Group has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.

### Note: 17 Intangible Assets

Particulars	Computer Software
<b>Gross carrying amount as at April 01, 2019</b>	<b>89.80</b>
Additions	31.69
Disposals	2.04
<b>Gross carrying amount as at March 31, 2020</b>	<b>119.45</b>
Additions	28.60
Disposals	-
<b>Gross carrying amount as at March 31, 2021</b>	<b>148.05</b>
<b>Accumulated Amortization and impairment</b>	
<b>Balance as at April 01, 2019</b>	<b>52.86</b>
Amortization for the year	31.00
Amortization on disposals	2.04
<b>Balance as at March 31, 2020</b>	<b>81.82</b>
Amortization for the year	27.22
Amortization on disposals	-
<b>Balance as at March 31, 2021</b>	<b>109.04</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Computer Software
<b>Net Carrying amount</b>	
<b>As at March 31, 2020</b>	<b>37.63</b>
<b>As at March 31, 2021</b>	<b>39.01</b>
Useful Life of the asset (In Years)	3
Method of depreciation	Straight-line method

### Note : 18 Other Non Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured - considered good</b> (unless otherwise stated)		
Prepaid expenses	343.10	335.51
Capital Advances	11.80	3.03
GST input credit	73.12	47.19
Other assets	66.04	94.96
<b>Total</b>	<b>494.06</b>	<b>480.69</b>

### Note : 19 Debt Securities (At Amortised Cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	9,322.24	5,552.53
Medium-Term - Unsecured	149.98	-
Commercial Papers - Unsecured	3,015.04	1,582.65
<b>Total</b>	<b>12,487.26</b>	<b>7,135.18</b>

All debt securities have been contracted in India.

#### 19.1 Security

- (i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Loan Against Property, Bills discounted and other loans and *pari passu* charge on immovable property situated at Chennai.
- (ii) The Group has not defaulted in the repayment of dues to its lenders.
- (iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 19.2 based on the Contractual terms.



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 19.2 Details of Debentures - Contractual principal repayment value (before inter-company eliminations)

#### (i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		March 31, 2021	March 31, 2020		
250	10,00,000	25.00	25.00	Nov-26	8.55
5,000	10,00,000	500.00	-	Jul-25	7.92
1,500	10,00,000	150.00	-	Oct-24	6.80
3,000	10,00,000	300.00	-	Jul-24	7.38
1,500	10,00,000	150.00	150.00	Apr-24	8.62
5,850	10,00,000	585.00	-	Feb-24	6.45
5,500	10,00,000	550.00	-	Dec-23	6.10
3,523	10,00,000	352.30	352.30	Sep-23	8.80
1,500	10,00,000	150.00	-	May-23	7.50
3,250	10,00,000	325.00	-	Apr-23	6.26
8,000	10,00,000	800.00	-	Mar-23	5.85 to 5.68
3,350	10,00,000	335.00	135.00	Feb-23	5.70 to 7.41
5,900	10,00,000	590.00	100.00	Dec-22	5.48 to 7.98
6,150	10,00,000	615.00	150.00	Nov-22	5.45 to 8.00
3,523	10,00,000	352.30	352.30	Sep-22	8.70
2,000	10,00,000	200.00	-	Jun-22	7.20
1,050	10,00,000	105.00	105.00	Mar-22	8.35 to 9.06
2,000	10,00,000	200.00	-	Dec-21	6.93
3,523	10,00,000	352.30	352.30	Sep-21	8.45
3,250	10,00,000	325.00	125.00	Aug-21	6.74 to 8.00
2,550	10,00,000	255.00	255.00	Jul-21	8.98
4,010	10,00,000	401.00	401.00	Jun-21	8.49 to 8.52
4,100	10,00,000	410.00	-	May-21	6.90
4,770	10,00,000	477.00	477.00	Apr-21	8.09
1,500	10,00,000	-	150.00	Mar-21	8.85
600	10,00,000	-	60.00	Feb-21	9.09
1,350	10,00,000	-	135.00	Jan-21	8.11
3,500	10,00,000	-	350.00	Dec-20	8.00 to 8.98
1,750	10,00,000	-	175.00	Oct-20	7.75
2,200	10,00,000	-	220.00	Jun-20	8.10 to 9.10
4,800	10,00,000	-	480.00	May-20	8.12 to 8.90
800	10,00,000	-	80.00	Apr-20	8.10 to 9.02
		<b>8,504.90</b>	<b>4,629.90</b>		

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### (ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		March 31, 2021	March 31, 2020			
1250	10,00,000	125.00	-	Jul-25	14,61,481	4,61,481
850	10,00,000	85.00	-	Jul-25	13,53,045	3,53,045
500	10,00,000	50.00	50.00	Jan-23	12,54,470	2,54,470
250	10,00,000	25.00	-	Dec-24	12,93,960	2,93,960
350	10,00,000	35.00	-	Oct-24	13,01,025	3,01,025
1100	10,00,000	110.00	110.00	May-21	12,94,211	2,94,211
1000	10,00,000	-	100.00	Mar-21	12,76,583	2,76,583
1150	10,00,000	-	115.00	Dec-20	11,92,230	1,92,230
2050	10,00,000	-	205.00	May-20	12,63,916	2,63,916
190	10,00,000	-	19.00	Apr-20	12,56,100	2,56,100
500	10,00,000	-	50.00	Apr-20	13,54,976	3,54,976
800	10,00,000	-	80.00	Apr-20	12,74,682	2,74,682
		<b>430.00</b>	<b>729.00</b>			

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

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Put option date	Rate of interest %
		March 31, 2021	March 31, 2020			
10	10,00,000	1.00	1.00	Aug-23	Jul-21	9.06
		<b>1.00</b>	<b>1.00</b>			

### (iv) Unsecured, Not guaranteed, Taxable, Non Cumulative, Rated, Redeemable, Non Convertible Debentures

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		March 31, 2021	March 31, 2020		
500	10,00,000	50.00	-	Mar-22	6.20
500	10,00,000	50.00	-	Mar-23	6.75
500	10,00,000	50.00	-	Mar-24	7.26
		<b>150.00</b>	-		

### Note : 20 Borrowings (Other than Debt Securities) at Amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
A) Term Loans		
i) a) From Banks - Secured		
Rupee Loans	35,682.18	32,962.47
Foreign currency Loans	-	117.88
External Commercial Borrowings	2,398.69	2,473.26
b) From Banks - Unsecured		
Short Term Loans	200.00	-

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
ii) From Other Parties - Secured		
a) Financial Institutions - Rupee Loans	1,727.86	1,632.58
b) External Commercial Borrowings	1,372.30	-
c) Securitisation - Rupee Loans	4,344.52	4,631.31
iii) From Other Parties - Unsecured		
a) Financial Institutions - Rupee Loans	-	200.63
b) Loan repayable on demand - Secured from Banks - Rupee Loans (Refer Note 6B)	1,456.71	1,455.58
	<b>47,182.26</b>	<b>43,473.71</b>
Borrowings within India	43,411.27	41,000.45
Borrowings Outside India	3,770.99	2,473.26
	<b>47,182.26</b>	<b>43,473.71</b>

### 20.1 Security

- (i) Secured term loans from banks and financial institution are secured by way of specific */pari passu* charge on assets under hypothecation relating to automobile financing and loans against immovable property.
- (ii) Loan repayable on demand is in the nature of Cash Credit from banks are secured by way of floating charge on assets under hypothecation and other assets.
- (iii) The Group has not defaulted in the repayment of dues to its lenders.
- (iv) Securitisation borrowing represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee and also refer Note 6B.
- (v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 20.2 based on the Contractual terms.

### 20.2 Details of term loans - Contractual principal repayment value

Rate of Interest	Maturity	Instalments	Amount outstanding	
			March 31, 2021	March 31, 2020
Base Rate / MCLR	< 1year	1	862.50	1,058.33
		2	1,250.16	1,387.50
		3	300.00	571.88
		4	1,787.50	533.34
		8	603.95	600.00
		12	200.00	-
	1 - 2 years	1	1,400.00	929.17
		2	1,929.17	966.67
		4	1,929.49	1,920.84
		8	603.95	600.00

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Rate of Interest	Maturity	Instalments	Amount outstanding	
			March 31, 2021	March 31, 2020
		12	200.00	-
	2 - 3 years	1	333.33	1,300.00
		2	1,225.00	2,487.51
		4	1,616.99	795.82
		8	603.95	600.00
		12	200.00	-
	3 - 4 years	1	100.00	83.33
		2	800.00	1,633.34
		4	1,416.99	600.00
		6	77.96	-
		8	-	600.00
		12	200.00	-
	4 - 5 years	1	50.00	216.65
		2	-	900.00
		3	574.41	-
		4	251.11	400.00
		7	-	93.75
		9	150.00	-
	> 5 Years	1	-	50.00
Base Rate/ MCLR + spread (0.05% to 0.92%)	< 1 year	1	3,850.00	3,375.00
		3	500.00	-
		4	-	800.00
	1 - 2 years	1	350.00	4,925.00
		2	300.00	-
		3	500.00	187.50
		4	-	725.00
		6	-	125.00
	2 - 3 years	1	700.00	187.50
		2	300.00	300.00
		3	500.00	-
		4	-	725.00
		6	-	125.00
	3 - 4 years	1	-	125.00
		2	-	300.00
		4	-	725.00
		6	-	125.00
	4 - 5 years	2	-	50.00

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Rate of Interest	Maturity	Instalments	Amount outstanding		
			March 31, 2021	March 31, 2020	
Rate based on T Bill + Spread	< 1 year	1	482.00	744.00	
		2	150.00	325.00	
		4	416.67	-	
	1 - 2 years	1	410.50	294.00	
		2	125.00	-	
		4	666.67	250.00	
	2 - 3 years	1	250.00	294.00	
		2	-	125.00	
		3	125.00	-	
		4	500.00	-	
Fixed Rate	< 1 year	1	510.00	-	
		2	160.00	122.00	
		4	404.00	280.00	
	1 - 2 years	1	200.00	-	
		2	100.00	60.00	
		4	394.00	404.00	
	2 - 3 years	2	433.00	-	
		4	244.00	394.00	
		3 - 4 years	2	554.00	-
		4	-	244.00	
3Months Repo	< 1 year	2	434.00	121.00	
		1	425.00	-	
		2	150.00	-	
	1 - 2 years	3	33.33	-	
		4	829.76	180.00	
		8	360.00	-	
	2 - 3 years	12	833.33	-	
		1	83.33	300.00	
		2	150.00	-	
		3	33.33	-	
4		496.43	-		
8		360.00	360.00		
2 - 3 years	12	833.33	-		
	1	83.33	-		
	2	150.00	-		
	3	33.34	-		
	4	496.43	-		
	6	416.67	-		

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Rate of Interest	Maturity	Instalments	Amount outstanding	
			March 31, 2021	March 31, 2020
		8	-	360.00
	3 - 4 years	1	101.19	-
		3	37.50	-
		4	375.00	-
<b>Total</b>			<b>38,506.60</b>	<b>35,985.13</b>
USD 2Y MIBOR + Spread	< 1year	1	-	40.00
	1-2 years	1	75.00	-
USD 3M LIBOR + Spread	< 1year	2	52.02	116.68
	1-2 years	4	208.07	-
	2-3 years	4	208.07	-
USD 6M LIBOR + Spread	3 - 4 years	4	208.07	-
	4 - 5 years	4	208.07	-
	>5 Years	9	468.15	-
	< 1year	1	365.53	-
	1-2 years	1	1,315.89	378.30
	2-3 years	1	-	1,361.88
	3-4 years	1	672.57	-
	4 - 5 years	1	-	696.07
<b>Total</b>			<b>3,781.44</b>	<b>2,592.93</b>

Details of Securitised loan		Amount outstanding*	
Rate of Interest	Maturity	March 31, 2021	March 31, 2020
	Less than 1 year	1,753.43	1,580.12
Fixed	1-2 year	1,093.55	1,243.82
(4.9% to 8%)	2-3 year	455.70	542.13
	3-4 year	124.28	152.61
	4-5 year	44.51	55.93
	More than 5 years	129.90	172.22
<b>Total</b>		<b>3,601.37</b>	<b>3,746.83</b>
	Less than 1 year	65.01	67.53
Floating	1-2 year	69.25	79.28
Base Rate/ MCLR - spread	2-3 year	74.59	84.39
(0.75% to 2.65%)	3-4 year	78.66	90.88
	4-5 year	78.32	94.11
	More than 5 years	371.98	467.06
<b>Total</b>		<b>737.81</b>	<b>883.25</b>

\* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

20.3 Unsecured Rupee loan from Financial Institution was repayable in 5 equal annual instalments beginning March 2021 with effective interest rate of 11.29%. The Group had prepaid the entire loan on March 31, 2021.

20.4 Loan repayable on demand represents cash credit and overdraft facilities.

### Note : 21 Subordinated Liabilities (At Amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Perpetual Debt - Unsecured	1,489.20	1,495.97
Subordinated Debt - Unsecured		
a) Rupee Denominated Bonds	406.84	406.77
b) Other Subordinated Debts	2,231.59	2,605.84
<b>Total</b>	<b>4,127.63</b>	<b>4,508.58</b>

#### 21.1

- All Subordinated liabilities have been contracted in India except for Rupee denominated bonds.
- The Group has not defaulted in the repayment of dues to its lenders.
- Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in Note 21.2 based on the Contractual terms.

#### 21.2 Details of Subordinated Liabilities - Contractual principal repayment value (before inter-company eliminations)

##### (i) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		March 31, 2021	March 31, 2020		
400	1,00,00,000	400.00	400.00	Jan-30	9.25
3000	10,00,000	300.00	300.00	Aug-28	9.75
5300	10,00,000	530.00	530.00	Mar-28	9.05
1500	10,00,000	150.00	150.00	Aug-27	8.53
2500	10,00,000	250.00	250.00	Jun-27	8.78 to 8.80
100	10,00,000	10.00	10.00	Nov-26	9.20
150	10,00,000	15.00	15.00	Jun-24	11.00
50	10,00,000	5.00	5.00	May-24	11.00
250	10,00,000	25.00	25.00	Apr-24	11.00
250	10,00,000	25.00	25.00	Mar-24	11.00
200	10,00,000	20.00	20.00	Feb-24	11.00
250	10,00,000	25.00	25.00	Jan-24	11.00
2000	10,00,000	200.00	200.00	Nov-23	9.08 to 9.20
500	10,00,000	50.00	50.00	Oct-23	9.08
150	10,00,000	15.00	15.00	Sep-23	11.00
600	10,00,000	60.00	60.00	Dec-22	11.05 to 11.25
3,150	10,00,000	315.00	315.00	Nov-21	10.02
1,000	10,00,000	100.00	100.00	Jun-21	11.30

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Rate of interest %
		March 31, 2021	March 31, 2020		
1,000	10,00,000	100.00	100.00	May-21	11.30
100	10,00,000	-	10.00	Mar-21	11.00
100	10,00,000	-	10.00	Feb-21	11.00
150	10,00,000	-	15.00	Oct-20	11.00
500	10,00,000	-	50.00	Jul-20	10.70
115	10,00,000	-	11.50	May-20	11.00
1,000	10,00,000	-	100.00	Apr-20	11.00
750	10,00,000	-	-	Dec-19	11.50
		<b>2,595.00</b>	<b>2,791.50</b>		

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

No of Debentures	Face Value ₹	Balance as at		Due date of redemption	Redemption price ₹	Premium ₹
		March 31, 2021	March 31, 2020			
150	10,00,000	15.00	15.00	Nov-23	17,57,947	7,57,947
		<b>15.00</b>	<b>15.00</b>			

### (iii) Key terms of debentures issued by CMSGICL

Issue size (₹ Crores)	100.00
Security Name	8.75% Chola MS 2027
Coupon Rate	8.75%
Date of Allotment	May 25, 2017
Call option	At the end of five years from the Deemed date of allotment. Such call option may be exercised by the Issuer with the prior approval of IRDAI and in accordance with the IRDAI Regulations.
Type of Instrument	Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures.
Security of debentures issued	The debenture issued is Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures (the "Debentures"). The claims of the Debenture Holders shall be superior to the claims of the investors in preference shares and equity shares of the Issuer in that order but shall be subordinated to the claims of the policyholders and all other creditors.

### (iv) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		March 31, 2021	March 31, 2020		
2000	5,00,000	100.00	-	Mar-31	9.25
900	5,00,000	45.00	-	Nov-30	9.30
1000	5,00,000	50.00	50.00	Dec-29	10.75
1120	5,00,000	56.00	56.00	Mar-29	10.83



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

No of Debentures	Face Value ₹	Balance as at		Maturity Date - Perpetual #	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
		March 31, 2021	March 31, 2020		
5000	5,00,000	250.00	250.00	Feb-29	10.88
500	5,00,000	25.00	25.00	Aug-24	12.80
174	10,00,000	17.40	17.40	Jul-24	12.90
500	5,00,000	25.00	25.00	Jun-24	12.90
500	5,00,000	25.00	25.00	Feb-24	12.90
50	10,00,000	5.00	5.00	Jan-24	12.60
1,031	10,00,000	103.10	103.10	Dec-23	12.50 to 12.60
245	10,00,000	24.50	24.50	Oct-23	12.60
1,000	5,00,000	50.00	50.00	Oct-23	12.90
300	10,00,000	30.00	30.00	Feb-23	12.80
1,450	10,00,000	145.00	145.00	Dec-22	12.70 to 12.80
860	5,00,000	43.00	43.00	Sep-22	12.75
2,000	5,00,000	100.00	100.00	Aug-22	12.90
200	5,00,000	10.00	10.00	Mar-22	12.50
700	5,00,000	35.00	35.00	Jan-22	12.50
3,500	5,00,000	175.00	175.00	Dec-21	12.50 to 12.95
320	5,00,000	16.00	16.00	Aug-21	12.50
413	5,00,000	20.65	20.65	Jul-21	12.50
2,021	5,00,000	101.05	101.05	Jun-21	12.50
3,000	5,00,000	-	150.00	Oct-20	12.05
		<b>1,451.70</b>	<b>1,456.70</b>		

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

### Note : 22 Insurance Contract Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Claims Outstanding	7,243.30	6,006.81
Unclaimed Amount of Policy Holders	5.75	2.27
Agent's balances	24.31	15.99
<b>Total</b>	<b>7,273.36</b>	<b>6,025.07</b>

#### (i) Movement in Claims Outstanding

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year - Gross Liability	6,006.81	5,188.63
- Reinsurance Asset (Note 10A)	(658.80)	(957.68)
- Net Liability	5,348.01	4,230.95
Claims incurred in the year (for loss occurred in the year)	2,305.88	2,451.93

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
Adjustment to claims incurred in prior accident years due to changes in assumptions	13.95	125.36
Claims paid during the year	(1,204.82)	(1,460.23)
<b>At the End of the year - Net Liability</b>	<b>6,463.02</b>	<b>5,348.01</b>
- Gross Liability	7,243.30	6,006.81
- Reinsurance Asset (Note 10A)	(780.28)	(658.80)

### (ii) Movement in Unclaimed Amount of Policy Holders

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	2.27	4.88
Adjustments during the year	3.48	(2.61)
<b>At the End of the year</b>	<b>5.75</b>	<b>2.27</b>

### (iii) Movement in Agent's balances

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	15.99	18.58
Adjustments during the year	8.32	(2.59)
<b>At the End of the year</b>	<b>24.31</b>	<b>15.99</b>

### Note : 22A Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unpaid Dividend	2.30	2.63
Advances from customers	55.29	19.99
Security Deposits received	0.80	2.16
Collections towards derecognised assets pending remittance	189.28	159.55
Lease liability	171.45	181.38
Other liabilities	248.90	163.91
<b>Total</b>	<b>668.02</b>	<b>529.62</b>

### Note : 23 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for Employee Benefits</b>		
- Compensated Absences	83.05	67.90
	<b>83.05</b>	<b>67.90</b>
<b>Other Provisions (Refer Note 42)</b>		
Provision for Contingencies and Service Tax claims	43.47	38.38
Provision for Undrawn commitments	1.04	1.31
	<b>44.51</b>	<b>39.69</b>
<b>Total</b>	<b>127.56</b>	<b>107.59</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 24 Other Non Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Insurance Contract Liabilities</b>		
Provision for unearned premiums - Refer Note (i) below	3,859.52	3,300.21
Unallocated premium - Refer Note (ii) below	114.76	178.56
Provision for premium deficiency - Refer Note (iii) below	57.88	-
Premium received in advance - Refer Note (iv) below	59.45	141.70
<b>Total (A)</b>	<b>4,091.61</b>	<b>3,620.47</b>
<b>Others</b>		
Income received in advance	11.50	17.12
Statutory Liabilities	27.56	20.81
Other Liabilities	8.59	9.55
<b>Total (B)</b>	<b>47.65</b>	<b>47.48</b>
<b>Total (A) + (B)</b>	<b>4,139.26</b>	<b>3,667.95</b>

#### (i) Movement in Provision for unearned premiums

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year - Gross Liability	3,300.21	2,740.98
- Reinsurance Asset (Note 10A)	(600.65)	(402.99)
- Net Liability	2,699.56	2,337.99
Premiums written in the year	3,641.08	3,798.57
Premiums recognised during the year	(3,202.44)	(3,437.00)
<b>At the end of the year - Net Liability</b>	<b>3,138.20</b>	<b>2,699.56</b>
- Gross Liability	<b>3,859.52</b>	<b>3,300.21</b>
- Reinsurance Assets (Note 10B)	<b>(721.32)</b>	<b>(600.65)</b>

#### (ii) Movement in Unallocated premium

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	178.56	141.94
Adjustments during the year	(63.80)	36.62
<b>At the end of the year</b>	<b>114.76</b>	<b>178.56</b>

#### (iii) Movement in Provision for premium deficiency

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	-	5.36
Recognised during the year	57.88	-
Utilised during the year	-	(5.36)
<b>At the end of the year</b>	<b>57.88</b>	<b>-</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### (iv) Movement in Premium received in advance

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	141.70	130.72
Incurred during the year	(428.84)	(413.57)
Premiums recognised during the year	346.59	424.55
<b>At the end of the year</b>	<b>59.45</b>	<b>141.70</b>

### Note 25 : Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Amount	Nos.	Amount
<b>AUTHORISED</b>				
Equity Shares of ₹1 each	43,00,00,000	43.00	43,00,00,000	43.00
		<b>43.00</b>		<b>43.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of ₹1 each	18,77,22,982	18.77	18,77,16,030	18.77
		<b>18.77</b>		<b>18.77</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
At the beginning of the year	18,77,16,030	18.77	18,76,92,234	18.75
Issued during the year (Refer Note below)	6,952	0.00	23,796	0.02
<b>Outstanding at the end of the year</b>	<b>18,77,22,982</b>	<b>18.77</b>	<b>18,77,16,030</b>	<b>18.77</b>

Note : The Company has received an amount of ₹6,952 on allotment of Shares under Employee Stock Options for the year ended March 31, 2021 (₹23,796 for the year ended March 31, 2020)

#### b) Terms/rights attached to Equity shares

The Company has only one class of equity shares having par value of INR 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of Interim Dividend.

Repayment of capital will be in proportion to the number of equity shares held.

#### c) Equity Shares held by Holding Company

Particulars	As at March 31, 2021	As at March 31, 2020
Ambadi Investments Limited	7,07,66,595	7,07,66,595

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding in the class	Nos.	% holding in the class
<b>Equity Shares</b>				
Ambadi Investments Limited	7,07,66,595	37.70	7,07,66,595	37.70

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

### e) Shares reserved for issue under options

Refer Note 43 for details of shares reserved for issue under options.

### f) Status on Global Depository Receipts (GDR)

The aggregate number of GDRs outstanding as at March 31, 2021 is 23,460 (as at March 31, 2020 - 23,460) each representing one Equity Share of ₹1 Face Value (Previous Year ₹1 Face Value). GDR % against total number of shares is 0.01% (as at March 31, 2020 - 0.01%). The GDRs carry the same terms / rights attached to Equity Shares of the Company.

## Note 26: Other Equity

### 26a. Statutory Reserve

As per the requirements of Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC is required to transfer 20% of the total profits after tax for the year to a specific reserve by name of Statutory Reserve. Two entities (CFHL & CIFCL) in the group, based on the above regulation, transferred an amount equivalent to 20% of the total profits after tax for the current year to such reserve.

### 26b. Capital Reserve

Capital Reserve represents the amount that has been received as a capital grant from the Government of Maharashtra for the set up of a unit in 2008-09 based on the fulfillment of certain conditions in connection with the set up of such unit. Pursuant to the Scheme of Arrangement for demerger in FY 2016-17, this amount has been retained in the Company.

### 26c. Capital Reserve On Consolidation

Capital reserve on consolidation represents the effect on reserves on account of additional investment in CIFCL during the year 2019-20 and 2020-21.

### 26d. Debenture Redemption Reserve

As one of the entity (CMSGICL) in the group has issued has issued redeemable non-convertible debentures, it has created Debenture Redemption Reserve (DRR) in accordance with the requirements of the Companies (Share capital and Debentures) Rules, 2014. Pursuant to amendment vide Ministry of Corporate Affairs notification no. G. S. R 574 (E) dated August 16, 2019 of Companies (Share Capital and Debenture) Rules, 2014 CMSGICL is not required to create any additional DRR. Other entities in the group are either exempt or creation of DRR is not applicable. Accordingly the group continues to hold the existing DRR of ₹20 crores as at March 31, 2021.

### 26e. Capital Redemption Reserve

Capital redemption reserve represents the amount equal to the nominal value of shares that were redeemed during the prior years. The reserve can be utilized only for specific purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 26f. Securities Premium Account

Securities Premium Account is used to record the premium on issue of shares. The reserve can be utilised only for specific purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

### 26g. General Reserve

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10.00% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable reserves for that year. Consequent to introduction of Companies Act, 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn and the Company can optionally transfer any amount from the surplus of profit or loss to the General reserves.

### 26h. Share Based Payments Reserve

Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service. Stock options granted but not vested as on the transition date were valued for expired period, calculated from the grant date till date of transition, and were credited to Share Based Payment Reserve.

### 26i. Retained Earnings

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

### 26j. Cashflow hedge reserve

Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group accounting policies.

### 26k. FVOCI reserve

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### 26l. Share Application Money pending Allotment at the end of the year

Pertains to money received for the allotment of shares pursuant to the Employee Stock Options Scheme. The money collected based on the exercise of the option as per the ESOP scheme will get included here and subsequently on allotment of shares, the balances will be appropriated to share capital and share premium balances.

### 26.m Proposed Dividend

The Board of Directors of the Company at their meeting held on May 14, 2021, have recommended a final dividend of 55% being ₹0.55 per equity share of Face Value of ₹1/- of the Company, for the year ended March 31, 2021 which is subject to approval by the shareholders at the ensuing Annual General Meeting.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income from Operations</b>		
<b>Note: 27A</b>		
<b>Interest - on financial assets</b>		
(a) Loans		
-Bills Discounting	7.66	7.21
-Term Loans	8,869.55	7,833.75
(b) Debt Securities	628.17	604.27
(c) Alternate Investment Fund & Long term Financial Assets	1.38	2.97
(d) Terrorism Pool	9.84	3.48
(e) Bank Deposits		
-Bank Deposits under lien	21.47	38.45
-Other Bank Deposits free of lien	292.30	212.61
(f) Other Deposits		
-Deposits with FIs	22.99	39.61
(g) Investment in Government Securities	33.01	-
<b>Total (A)</b>	<b>9,886.37</b>	<b>8,742.35</b>
<b>Note: 27B</b>		
<b>Fees &amp; Commission income *</b>		
-Term Loans	206.85	189.87
-Reinsurance Commission	300.74	275.28
-Other Services	28.58	22.67
<b>Total (B)</b>	<b>536.17</b>	<b>487.82</b>
*Services are transferred at a point in time		
<b>Note: 27C</b>		
<b>Premium earned (net of re-insurance)</b>	3,201.27	3,436.31
<b>Total (C)</b>	<b>3,201.27</b>	<b>3,436.31</b>
<b>Gross Earned Premium</b>		
Premium from Direct Business Written	4,691.63	4,812.33
Premium on re-insurance accepted	12.05	11.47
<b>Gross Written Premium</b>	<b>4,703.68</b>	<b>4,823.80</b>
Adjustments for Change in Provision for Unexpired Risks	559.30	559.22
<b>Total Premium Earned (Gross)</b>	<b>4,144.38</b>	<b>4,264.58</b>
Less: Premium ceded to reinsurers	1,063.78	1,025.92
Adjustments for Change in Provision for Unexpired Risks-RI ceded	120.67	197.65
<b>Total Premium income</b>	<b>3,201.27</b>	<b>3,436.31</b>
<b>Note: 27D</b>		
<b>Investment income</b>		
-Dividend income	1.74	2.24
<b>Total (D)</b>	<b>1.74</b>	<b>2.24</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Note: 27E</b>		
<b>Net gain on fair value changes</b>		
<b>Profit on Sale of Investments - Equity Instruments</b>		
- Realised Gains/(Loss) on Sale of Equity Instruments	4.72	27.72
- Fair Value changes of Equity Instruments	54.82	(40.37)
<b>Profit on Sale of Investments - Debt Instruments</b>		
- Realised Gains/(Loss) on Sale of Debt Instruments - FVTPL	52.41	135.77
- Realised Gains/(Loss) on Sale of Debt Instruments - FVTOCI	9.70	-
- Realised Gains/(Loss) on Sale of Debt Instruments - At amortised cost	76.63	30.16
- Fair Value changes of Debt Instruments through Profit and Loss Account	(4.05)	(10.27)
<b>Total (E)</b>	<b>194.23</b>	<b>143.01</b>
<b>Note: 27F</b>		
<b>Service Income</b>		
(a) Servicing and Collection fee on Assignment	6.91	4.85
(b) Other Service Income	73.46	70.85
<b>Total (F)</b>	<b>80.37</b>	<b>75.70</b>
<b>Note: Timing of revenue recognition</b>		
Services transferred at a point of time	74.37	72.70
Services transferred over a time	6.00	3.00
<b>Total</b>	<b>80.37</b>	<b>75.70</b>

### Details related to services transferred over a time

#### a) Contract balances

Particulars	As at March 31, 2021	As at March 31, 2020
Contract Liabilities	10.41	16.41

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

#### b) Movement in Contract liability during the year as follows

Particulars	2020-21	2019-20
Contract liability at the beginning of the year	16.41	22.41
Revenue Recognised during the year	6.00	6.00
Contract liability at the end of the year	10.41	16.41

Particulars	2020-21	2019-20
c) Total Revenue from contracts with Customer (27B+27F)	616.54	563.52

d) Due to Group's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

- e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2020)
- f) Performance Obligation:  
 Servicing and Collection fee on Assignment: To collect the receivable from the customer and transfer the same to the assignee representative.  
 Other Servicing Income: To enable space for advertising at the branches and other related services.
- g) There are no significant return / refund / other obligations for any of the above mentioned services.

### Note : 28 Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	0.25	0.09
Profit on sale of Fixed Assets (Net)	-	0.09
Miscellaneous Income ( Refer Note 18.1)	4.50	0.85
	<b>4.75</b>	<b>1.03</b>

### Note : 29 Finance Costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on financial liabilities measured at amortised cost		
- Debt Securities	729.11	1,018.21
- Borrowings Other than Debt securities	3,400.32	3,123.84
- Subordinated Liabilities	435.61	413.52
Others		
- Bank charges	26.79	20.42
- Interest on lease liability	15.99	16.41
	<b>4,607.82</b>	<b>4,592.40</b>

### Note : 30 Gross Incurred Claims

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross claims paid	1,601.76	2,369.53
Changes in Gross claims outstanding	1,235.92	1,416.00
Change in premium deficiency provision	57.88	(23.60)
<b>Gross Incurred claims</b>	<b>2,895.56</b>	<b>3,761.93</b>
<b>RI Recovery</b>		
RI Recovery on Claims paid	396.35	909.37
Change in premium deficiency provision	(2.05)	(18.24)
Change in contract liabilities ceded to reinsurers	121.49	298.88
<b>Net Incurred Claims</b>	<b>2,379.77</b>	<b>2,571.92</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 31 Impairment on Financial Instruments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Loss Assets Written Off (Net) / disposal of repossessed assets*	400.66	304.27
Impairment provision- Loans-measured at amortised cost	921.44	593.08
Impairment provision- Terrorism Pool Assets/other assets/ receivables	(1.42)	(0.89)
Impairment provision (net of reversals) - Debt Securities-measured at amortised cost	(85.52)	194.17
Investments Written Off**	197.57	87.36
Others	0.52	-
<b>Total</b>	<b>1,433.25</b>	<b>1,177.99</b>

\* Includes Loss on disposal of repossessed vehicles - Gross - ₹272.11 crores for the year ended March 31, 2021 (₹313.14 crores - March 31, 2020)

\*\* CMSGICL has invested in debt securities of certain Companies aggregating ₹503.97 crores as at March 31, 2021 which have defaulted repayment of principal and payment of interest to the Company in certain securities which are downgraded to default category. These investments are classified as Stage 3 assets in line with the Impairment policy of the Company. Accordingly, ECL has been provided for ₹125.11 crores and write off of investments of ₹306.93 crores has been accounted as at March 31, 2021 resulting in the carrying value of these investments at ₹71.93 crores as at March 31, 2021. This includes write off of ₹197.57 crores accounted in the profit and loss account during the year and reversal of opening provision for diminution in value of investments of ₹85.52 crores during the year pursuant to write off of related investments.

### Note : 32 Employee Benefits Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, Bonus and Commission	861.39	747.97
Contribution to Provident and Other Funds		
-Employees' Provident Fund	42.02	40.09
-Superannuation Fund	3.44	3.33
Share based employee payments	5.64	11.61
Gratuity Expense	13.11	11.29
Staff Welfare Expenses	9.90	23.00
<b>Total</b>	<b>935.50</b>	<b>837.29</b>

### Note : 33 Other Expenditure

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent and facility charges	8.07	12.85
Rates and Taxes	21.45	14.55
Energy cost	12.36	18.08
Repairs and Maintenance	6.84	6.63
Communication Costs	34.42	40.00
Business development expense	0.34	0.27

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Brokerage	2.90	1.61
Commission on insurance business	321.70	291.18
Printing and Stationery	15.15	19.37
Advertisement and publicity Expenses	244.55	196.18
Directors Fees, allowances and expenses	1.76	1.52
Marketing expenses	322.34	381.49
Auditors' Remuneration	1.63	2.31
Legal and Professional Charges	70.02	68.45
Insurance	15.32	15.12
Travelling and Conveyance	30.00	69.58
Information Technology Expenses	74.86	66.73
Loss on Sale of Property, Plant and Equipment (Net)	0.20	-
Recovery Charges	266.57	289.59
Corporate Social Responsibility Expenditure	38.10	34.74
Outsource cost	479.89	419.16
Miscellaneous Expenses	34.46	51.44
	<b>2,002.93</b>	<b>2,000.85</b>
Less : Expenses Recovered	(0.12)	(0.15)
	<b>2,002.81</b>	<b>2,000.70</b>

Note:

33.1 Miscellaneous Expenses includes:

Donation to electoral trust	-	5.00
Other donations	-	0.50

### 34. Earnings Per Share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit After Tax (₹crores)	824.64	550.85
Weighted Average Number of Equity Shares (Basic)	18,77,17,997	18,77,09,982
Add: Dilutive effect relating to ESOP	16,610	18,076
Weighted Average Number of Equity Shares (Diluted)	18,77,34,607	18,77,28,058
Earnings per Share – Basic (₹)	43.93	29.35
Earnings per Share – Diluted (₹)	43.93	29.34
Face Value Per Share (₹)	1	1

Note:

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

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 35. Income tax reconciliation

₹ in crores

Particulars	Year ended	
	March 31, 2021	March 31, 2020
Accounting profit before tax	2,400.28	1,805.62
Income tax rate of 25.17% (March 31,2020 – 25.17%)	616.32	454.47
Effects of:		
Difference in tax base for Donation & CSR expense	8.83	3.71
Share based payment expense – No deduction claimed under tax	1.80	2.90
Deduction u/s 57	(2.45)	-
Deduction u/s 80JJA	(0.28)	(0.19)
Tax free interest income accrued	(2.30)	(5.02)
Dividend Income – exempt from tax	-	(0.41)
Dividend distribution tax attributable to dividend received /proposed to be received from subsidiary	6.57	12.70
Effect of enacted tax rate on opening deferred tax asset	-	169.75
Disallowance u/s 14A / Other disallowance of the Income tax Act	6.10	-
Other adjustments	1.79	3.93
<b>Income tax expense reported in statement of Profit and Loss</b>	<b>636.38</b>	<b>641.84</b>

### 36. Transfer of financial assets

#### 36.1 Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

#### A) Securitisation

The Group has Securitised certain loans, however the Group has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in its entirety.

₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Securitisations</b>		
Carrying amount of transferred assets measured at amortised cost	4,752.42	4,928.03
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	4,639.16	4,631.31
Fair value of assets	4,781.31	4,859.91
Fair value of associated liabilities	4,373.74	4,655.51
Net position at Fair Value	387.57	204.40

#### B) Direct bilateral assignment

The Group has transferred certain loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Group's balance sheet.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

The table below summarises the carrying amount of the de-recognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset. ₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Assignment</b>		
Carrying amount of de-recognised financial asset	4,160.42	5,125.85
Carrying amount of Retained Assets at amortised cost	475.02	557.89

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Assignment</b>		
Gain on sale of the de-recognised financial asset	-	247.27

### 36.2 Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

### 37. Micro, Small & Medium Enterprises

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.

The relevant particulars are furnished below:

₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers under MSMED Act, as at the year end	0.04	1.01
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

### 38. Retirement Benefit

#### A) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the year, the Group recognised ₹42.02 Crores (Previous Year – ₹40.09 Crores) to Provident Fund under Defined Contribution Plan, ₹3.44 Crores (Previous Year – ₹3.33 Crores) for Contributions to Superannuation Fund and ₹0.50 Crores (Previous Year – ₹1.08 Crores) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### B) Gratuity

The Group's defined benefit gratuity plan is a final salary plan for Indian employees, which requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

#### Details of Actuarial Valuation:

₹ in crores

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Projected Benefit Obligation at the beginning of the year</b>	<b>74.68</b>	<b>57.95</b>
Current Service Cost	12.06	10.46
Interest Cost	4.77	4.21
Remeasurement Losses/(Gains)		
a) Effect of changes in demographic assumptions	-	(0.20)
b) Effect of experience adjustments	0.48	0.51
c) Effect of changes in financial assumptions	0.98	4.74
Benefits paid	(3.60)	(2.80)
Transfer in / Out	-	(0.19)
<b>Projected Benefit Obligation at the end of the year</b>	<b>89.37</b>	<b>74.68</b>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	58.38	45.18
Expected Returns on Plan Assets	3.72	3.38
Employer's Contribution	8.74	13.06
Benefits paid	(3.60)	(2.80)
Return on plan assets (excluding interest income)	(0.28)	0.36
<b>Fair Value of Plan Assets at the end of the year</b>	<b>66.96</b>	<b>58.38</b>
<b>Amount Recognised in the Balance Sheet</b>		
Fair Value of Plan Assets as at the end of the year	66.96	58.38
Liability at the end of the year	89.37	74.68
<b>Amount Recognised in the Balance Sheet</b>	<b>(22.41)</b>	<b>(16.30)</b>
<b>Cost of the Defined Benefit Plan for the Year</b>		
Current Service Cost	12.06	10.46
Net interest (income) / expense	4.77	4.21
Expected Return on Plan Assets	(3.72)	(3.38)
<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>13.11</b>	<b>11.29</b>
<b>Remeasurement Losses /(Gains)</b>		
a) Effect of changes in demographic assumptions	-	(0.20)
b) Effect of experience adjustments	0.48	0.51
c) Return on plan assets (excluding interest income)	0.28	0.36
d) Effect of changes in financial assumptions	0.98	4.74
<b>Net cost recognised in Other Comprehensive Income</b>	<b>1.74</b>	<b>5.41</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Assumptions</b>		
Discount Rate	6.13% to 6.25% p.a.	6.27% to 6.45% p.a.
Future salary increase	7.00% to 7.50% p.a.	7.00% to 7.50% p.a.
Attrition Rate		
Senior management	13% p.a.	13% p.a.
Middle management	13% p.a.	13% p.a.
Others	13% to 15% p.a.	13% to 15% p.a.
Expected rate of return on Plan Assets	6.25% to 7.10% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate
<b>Expected Payment for future years</b>		
Within the next 12 months (next annual reporting period)	12.79	8.96
Between 2 and 5 years	43.47	37.70
Between 5 and 10 years	38.92	33.41
Beyond 10 years	38.05	33.63
<b>Total Expected Payments</b>	<b>133.23</b>	<b>113.70</b>

### Sensitivity Analysis:

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount Rate (+/- 0.50% - 1%)	82.84	94.66	81.87	91.57
Salary Growth Rate (+/- 0.50% - 1%)	94.02	85.03	90.98	82.24
Attrition Rate (+/- 5% - 50% of attrition rates)	87.52	92.21	84.62	90.56
Mortality Rate (+/- 5% - 10% of mortality rates)	87.89	87.89	74.03	74.03

### Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- The Group's best estimate of contribution during the next year is ₹33.77 Crores.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

### C) Compensated Absences

Assumptions	Year ended March 31, 2021	Year ended March 31, 2020
Discount Rate	6.13% to 6.25% p.a.	6.27% to 6.45% p.a.
Future salary increase	7.00% to 7.50% p.a.	7.00% to 7.50% p.a.
Attrition Rate		
Senior management	13% p.a.	13% to 15% p.a.
Middle management	13% p.a.	13% to 15% p.a.
Others	13% to 15% p.a.	13% to 15% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2021.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

### 39. Segment Information

The Group's operations are organised into two primary products/service segments viz. Financial Services and Insurance and allied services.

During year ending March 31, 2021, the nature of segments are as under:

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on a legal entity as whole basis and are not allocated to operating segments.

Particulars	Year ended March 31, 2021					Total
	Financing	Insurance	Others	Unallocable	Inter-segment revenue	
<b>Revenue from Operations</b>						
- Interest Income	9,224.77	676.15	1.50	-	(16.05)	9,886.37
- Dividend Income	0.13	1.49	48.60	-	(48.48)	1.74
- Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	-	-
- Premium Income (Net)	-	3,202.44	-	-	(1.17)	3,201.27
- Fee & Commission Income	269.39	300.74	-	-	(33.96)	536.17
- Net gain on Fair value change on financial instrument	4.87	189.21	-	-	0.15	194.23
- Service & Other Income	80.37	-	7.95	-	(7.95)	80.37
<b>Segment revenue from Operation</b>	<b>9,579.53</b>	<b>4,370.03</b>	<b>58.05</b>	<b>-</b>	<b>(107.46)</b>	<b>13,900.15</b>
<b>Segment Expenses</b>	<b>7,535.86</b>	<b>4,003.64</b>	<b>24.25</b>	<b>-</b>	<b>(59.13)</b>	<b>11,504.62</b>
<b>Segment Profit before taxation</b>	<b>2,047.90</b>	<b>366.82</b>	<b>33.89</b>	<b>-</b>	<b>(48.33)</b>	<b>2,400.28</b>
<b>Tax expense</b>						<b>636.38</b>
<b>Share of Profit from Associate/ Joint Venture</b>						<b>0.32</b>
<b>Profit for the year</b>						<b>1,764.22</b>



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Year ended March 31, 2020					Total
	Financing	Insurance	Others	Unallocable	Inter-segment revenue	
<b>Revenue from Operations</b>						
- Interest Income	8,124.66	633.36	6.22	-	(21.89)	8,742.35
- Dividend Income	0.37	1.62	76.59	-	(76.34)	2.24
- Net gain on derecognition of financial instruments under amortised cost category	247.27	-	-	-	-	247.27
- Premium Income (Net)	-	3,437.00	-	-	(0.69)	3,436.31
- Fee & Commission Income	248.70	275.28	-	-	(36.16)	487.82
- Net gain on Fair value change on financial instrument	15.69	136.93	0.38	-	(9.99)	143.01
- Service and Other Income	75.70	-	7.69	-	(7.69)	75.70
<b>Segment revenue from Operations</b>	<b>8,712.39</b>	<b>4,484.19</b>	<b>90.88</b>	<b>-</b>	<b>(152.76)</b>	<b>13,134.70</b>
<b>Segment Expenses</b>	<b>7,124.17</b>	<b>4,267.75</b>	<b>3.96</b>	<b>-</b>	<b>(66.80)</b>	<b>11,329.08</b>
<b>Segment Profit / (loss) before taxation</b>	<b>1,588.22</b>	<b>216.44</b>	<b>86.92</b>	<b>-</b>	<b>(85.96)</b>	<b>1,805.62</b>
<b>Tax expense</b>						<b>641.84</b>
<b>Share of Profit from Associate/ Joint Venture</b>						<b>1.27</b>
<b>Profit for the year</b>						<b>1,165.05</b>
Particulars	Financing	Insurance	Others	Unallocable	Total	
<b>As on March 31, 2021</b>						
Segment Assets	73,727.52	13,701.52	39.62	-	87,468.66	
Unallocable Assets	-	-	-	1,336.47	1,336.47	
Inter-segment Assets				(189.57)	(189.57)	
<b>Total Assets</b>					<b>88,615.56</b>	
Segment Liabilities	65,002.11	12,234.90	161.31	-	77,398.32	
Unallocable Liabilities	-	-	-	48.07	48.07	
Inter-segment Liabilities				(189.57)	(189.57)	
<b>Total Liabilities</b>					<b>77,256.82</b>	
<b>As on March 31, 2020</b>						
Segment Assets	63,371.44	11,558.79	57.60	-	74,987.83	
Unallocable Assets	-	-	-	1,061.98	1,061.98	
Inter-segment Assets				(195.15)	(195.15)	
<b>Total Assets</b>					<b>75,854.66</b>	
Segment Liabilities	55,858.52	10,283.19	204.09	-	66,345.80	
Unallocable Liabilities	-	-	-	2.12	2.12	
Inter-segment Liabilities				(195.15)	(195.15)	
<b>Total Liabilities</b>					<b>66,152.77</b>	

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

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

As the asset are allocated to segment based on certain assumptions, additions to the Property, plant and equipment have not been disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Group's total revenue in the Current year and Previous year.

### 40. Disclosure in respect of Related Parties

#### a) List of Related Parties

##### I. Entity having Significant influence

- a. Ambadi Investments Limited

##### II. Subsidiaries of Entity having significant influence

- a. Parry Enterprises Limited
- b. Parry Agro Limited

##### III. Entity having Substantial voting power in Subsidiary

- a. Mitsui Sumitomo Insurance Company Limited

##### IV. Joint Venture

- a. Cholamandalam MS Risk Services Limited

##### V. Associate

- a. White Data Systems India Private Limited
- b. Vishvakarma Payments Private Limited (from March 30, 2021)

##### VI. Key Management Personnel (Pursuant to Companies Act, 2013)

- a. Mr. N. Ganesh - Manager & Chief Financial Officer
- b. Ms. E. Krithika - Company Secretary

##### VII. Non-Executive Directors

- a. Mr. M. M. Murugappan
- b. Ms. Shubhalakshmi Panse (till November 20, 2019)
- c. Mr. Ashok Kumar Barat
- d. Mr. B Ramaratnam
- e. Mr. V Ravichandran (upto November 11, 2020)
- f. Mr. Sridharan Rangarajan
- g. Ms. Vasudha Sundararaman (w.e.f. February 12, 2020)
- h. Mr. Vellayan Subbiah (w.e.f November 11,2020)

#### Note:

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

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### b) Transactions during the year

₹ in crores

Nature of Transactions	Year ended March 31, 2021	Year ended March 31, 2020
<b>Dividend Payments (Equity Shares)</b>		
a) Ambadi Investments Limited	4.38	16.23
b) Parry Enterprises Limited (₹0.0003 Crores for year ended March 31, 2021 and ₹0.0004 Crores March 31, 2020)	0.00	0.00
c) Directors	-	0.11
d) Relative of directors and other entities in which directors are interested	-	0.07
<b>Dividend Receipts (Equity Shares)</b>		
a) Cholamandalam MS Risk Services Limited	0.12	0.25
<b>Expenses – Reimbursed</b>		
a) Mitsui Sumitomo Insurance Company Limited	1.35	1.38
b) Cholamandalam MS Risk Services Limited	-	0.63
<b>Services Received</b>		
a) Parry Enterprises Limited	1.76	32.82
b) White Data Systems India Private Limited	0.29	0.32
<b>Interest Income</b>		
a) White Data Systems India Private Limited	0.26	0.28
<b>Services Paid – Technical &amp; Advisory fee</b>		
a) Cholamandalam MS Risk Services Limited	1.69	2.38
<b>Expenses recovered – Rent receipts</b>		
a) Parry Enterprises Limited	0.01	0.01
b) Mitsui Sumitomo Insurance Company Limited	1.37	1.51
c) Cholamandalam MS Risk Services Limited	0.22	0.30
<b>Expenses incurred - Premium paid</b>		
a) Parry Enterprises Limited	0.40	0.46
b) Parry Agro Limited	0.01	0.01
c) Cholamandalam MS Risk Services Limited	0.04	0.04
<b>Expenses recovered – Management expenses</b>		
a) Mitsui Sumitomo Insurance Company Limited	0.75	0.46

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

₹ in crores

Nature of Transactions	Year ended March 31, 2021	Year ended March 31, 2020
<b>Advances/Loans given</b>		
a) Mitsui Sumitomo Insurance Company Limited	4.34	0.56
b) Parry Enterprises Limited	-	2.39
c) White Data Systems India Private Limited	3.40	3.40
<b>Advances/Loans recovered</b>		
a) Mitsui Sumitomo Insurance Company Limited	4.34	0.56
b) Parry Enterprises Limited	-	2.55
c) White Data Systems India Private Limited	3.40	3.40
<b>Reinsurance Ceded</b>		
a) Mitsui Sumitomo Insurance Company Limited	54.69	58.94
<b>Reinsurance Commission Received</b>		
a) Mitsui Sumitomo Insurance Company Limited	12.91	10.55
<b>Reinsurance Recovery Claims</b>		
a) Mitsui Sumitomo Insurance Company Limited	33.50	40.13
<b>Gross Insurance Claims</b>		
a) Parry Enterprises Limited	0.01	0.08
b) Parry Agro Limited	0.06	-
c) Cholamandalam MS Risk Services Limited	0.04	-
Market purchase of equity shares of CIFCL from Ambadi Investments Limited	-	24.26
Commission and Sitting fees to Non-executive directors	0.66	0.65

### c) Balances Outstanding at the year end

₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Loan Receivables</b>		
a) White Data Systems India Private Limited	3.40	3.40
<b>Other Receivables /(Payable)</b>		
a) Parry Enterprises Limited	0.01	0.45
b) Mitsui Sumitomo Insurance Company Limited	0.04	0.22
c) Cholamandalam MS Risk Services Limited	0.06	0.03
d) White Data Systems India Private Limited	(0.06)	(0.07)
<b>Receivable due from other entities carrying on insurance business</b>		
a) Mitsui Sumitomo Insurance Company Limited	1.70	11.61

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### d) Key Managerial Personnel

₹ in crores

Nature of Transaction	Year ended March 31, 2021	Year ended March 31, 2020
Short- term employee benefits	1.06	1.02
Post-employment pension (Defined Contribution)	0.01	0.01

### 41. Contingent Liabilities and Commitments

#### a) Contested Claims not provided for:

₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax and Interest on Tax issues where the Group has gone on appeal	724.05	609.77
Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	218.98	218.98
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	41.61	26.60
Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	199.92	262.77
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	108.01	85.26
Order in respect of alleged violations of the Provisions of SEBI Act	-	0.07
Appeal pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit	-	0.68

- i) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
- ii) It is not practicable for the Group to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
- iii) The Group does not expect any reimbursement in respect of the above contingent liabilities.
- iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

#### b) Commitments

₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
Capital commitments	51.24	32.30
Disbursements – Undrawn lines	1,241.90	845.35

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

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### d) Bank Guarantee

₹ in crores

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding bank guarantees given to Stock exchanges/Stock Holding Corporation of India Limited to meet margin requirements	14.85	16.25

### 42. Changes in Provisions

₹ in crores

Particulars	As at March 31, 2020	Additional Provision	Utilisation/ Reversal	As at March 31, 2021
Provision for Contingencies and Service Tax claims	38.38	5.09	-	43.47
Provision for Undrawn commitments	1.31	0.89	1.16	1.04

Particulars	As at March 31, 2019	Additional Provision	Utilisation/ Reversal	As at March 31, 2020
Provision for Contingencies and Service Tax claims	38.37	0.01	-	38.38
Provision for Undrawn commitments	0.51	0.80	-	1.31

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

The undrawn commitments provided by the Group are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at March 31, 2021 is ₹1,241.90 Crores (₹845.35 Crores as at March 31, 2020).

The Group creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at March 31, 2021 is ₹1.67 Crores (₹1.31 Crores as at March 31, 2020).

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 43-ESOP Disclosure of Cholamandalam Financial Holdings Limited

The stock options granted by the Group and related movements are given below:

#### a) Company's Stock Options

##### Employee Stock Option Plan 2007

Particulars	Date of Grant	During the Year 2020-21			Options Outstanding as at March 31, 2021	Options vested but not exercised as at April 01, 2020	Options vested but not exercised as at March 31, 2021	Weighted Average Remaining Contractual Life
		Options Outstanding as at April 01, 2020	Options Granted	Options Cancelled / lapsed				
Grant 12	02-Nov-11	10,916	-	1,572	1,952	10,916	7,392	98.74
<b>Total</b>		<b>10,916</b>	<b>-</b>	<b>1,572</b>	<b>1,952</b>	<b>10,916</b>	<b>7,392</b>	<b>0.59</b>

##### Employee Stock Option Plan 2016

Particulars	Date of Grant	During the Year 2020-21			Options Outstanding as at March 31, 2021	Options vested but not exercised as at April 01, 2020	Options vested but not exercised as at March 31, 2021	Weighted Average Remaining Contractual Life
		Options Outstanding as at April 01, 2020	Options Granted	Options Cancelled / lapsed				
Grant 1	15-Mar-17	61,590	-	-	5,000	61,590	56,590	416.86
<b>Total</b>		<b>61,590</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>61,590</b>	<b>56,590</b>	<b>1.96</b>

##### Employee Stock Option Plan 2007

Particulars	Date of Grant	During the Year 2019-20			Options Outstanding as at March 31, 2020	Options vested but not exercised as at April 01, 2019	Options vested but not exercised as at March 31, 2020	Weighted Average Remaining Contractual Life
		Options Outstanding as at April 01, 2019	Options Granted	Options Cancelled / lapsed				
Grant 8	29-Jan-11	4,776	-	-	4,776	-	-	96.63
Grant 12	02-Nov-11	31,494	-	18,328	2,250	31,494	10,916	98.74
<b>Total</b>		<b>36,270</b>	<b>-</b>	<b>18,328</b>	<b>7,026</b>	<b>36,270</b>	<b>10,916</b>	<b>1.45</b>

##### Employee Stock Option Plan 2016

Particulars	Date of Grant	During the Year 2019-20			Options Outstanding as at March 31, 2020	Options vested but not exercised as at April 01, 2019	Options vested but not exercised as at March 31, 2020	Weighted Average Remaining Contractual Life
		Options Outstanding as at April 01, 2019	Options Granted	Options Cancelled / lapsed				
Grant 1	15-Mar-17	1,09,080	-	30,720	16,770.00	1,09,080	61,590	416.86
<b>Total</b>		<b>1,09,080</b>	<b>-</b>	<b>30,720</b>	<b>16,770.00</b>	<b>1,09,080</b>	<b>61,590</b>	<b>2.96</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### b) Stock Options of Cholamandalam Investment and Finance Company Limited (CIFCL)

#### Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at March 31, 2020	During the Year 2020-21					Options outstanding As at March 31, 2021	Options exercised As at March 31, 2021	Options unvested As at March 31, 2021	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised	Options vested but not exercised As at March 31, 2021					
GT 27 JAN 2011A	27-Jan-11	23,120	-	-	-	23,120	-	-	-	38	-	
GT 30 APR 2011	30-Apr-11	25,240	-	-	-	15,000	10,240	-	-	33	-	
GT 27 OCT 2011	27-Oct-11	29,760	-	-	-	21,180	8,580	-	-	31	-	
<b>Total</b>		<b>78,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,300</b>	<b>18,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

#### Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at March 31, 2020	During the Year 2020-21					Options outstanding As at March 31, 2021	Options exercised As at March 31, 2021	Options unvested As at March 31, 2021	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised	Options vested but not exercised As at March 31, 2021					
GT25JAN2017	25-Jan-17	21,18,600	-	1,92,140	-	2,61,770	16,64,690	-	-	202	-	
GT30JAN2018	30-Jan-18	2,38,485	-	-	-	34,400	2,04,085	-	-	262	-	
GT30JAN2018A	30-Jan-18	89,800	-	-	-	2,500	87,300	60,360	26,940	262	0.84 years	
GT23APR2018	23-Apr-18	44,900	-	-	-	17,960	26,940	-	26,940	312	0.56 years	
GT26JUL2018	26-Jul-18	2,74,860	-	1,31,500	-	3,000	1,40,360	86,600	53,760	299	0.32 years	
GT30OCT2018	30-Oct-18	3,67,300	-	44,900	-	25,000	2,97,400	1,03,960	1,93,440	254	1.08 years	
GT19MAR2019	19-Mar-19	5,88,460	-	-	-	17,280	5,71,180	2,75,740	2,95,440	278	1.47 years	
GT30JUL2019	30-Jul-19	31,632	-	4,860	-	-	26,772	13,386	13,386	248	0.33 years	
GT05NOV2019	05-Nov-19	2,75,600	-	-	-	25,560	2,50,040	29,560	2,20,480	316	1.73 years	
GT23JAN2020	23-Jan-20	53,000	-	-	-	10,600	42,400	-	42,400	318	1.94 years	
GT03JUNE2020	03-Jun-20	-	-	2,11,900	-	-	2,11,900	-	2,11,900	158	1.88 years	
GT03JUNE2020A	03-Jun-20	-	-	1,905	-	-	1,905	-	1,905	158	0.18 years	
<b>Total</b>		<b>40,82,637</b>	<b>-</b>	<b>2,13,805</b>	<b>3,73,400</b>	<b>3,98,070</b>	<b>35,24,972</b>	<b>24,38,381</b>	<b>10,86,591</b>	<b>-</b>	<b>-</b>	

\*Equity shares of Face value of ₹10/- have been split into face value of ₹2 per share on June 17, 2019, pursuant to resolution passed through postal ballot on June 3, 2019



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Date of Grant	Options outstanding As at March 31, 2019	During the Year 2019-20					Options outstanding As at March 31, 2020	Options vested but not exercised As at March 31, 2020	Options unvested As at March 31, 2020	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	Options outstanding As at March 31, 2020					
GT 27 JAN 2011A	27-Jan-11	9,163	-	36,652	-	-	22,695	23,120	23,120	38	-	
GT 27 JAN 2011B	27-Jan-11	5,976	-	23,904	-	-	29,880	-	-	38	-	
GT 30 APR 2011	30-Apr-11	7,948	-	31,792	-	-	14,500	25,240	25,240	33	-	
GT 27 OCT 2011	27-Oct-11	7,936	-	31,744	-	-	9,920	29,760	29,760	31	-	
<b>Total</b>		<b>31,023</b>	-	<b>1,24,092</b>	-	-	<b>76,995</b>	<b>78,120</b>	<b>78,120</b>	-	-	

### Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at March 31, 2019	During the Year 2019-20					Options outstanding As at March 31, 2020	Options vested but not exercised As at March 31, 2020	Options unvested As at March 31, 2020	Exercise Price	Weighted Average Remaining Contractual Life
			Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	Options outstanding As at March 31, 2020					
GT25JAN2017	25-Jan-17	4,72,842	18,91,368	-	17,920	2,27,690	21,18,600	13,76,010	7,42,590	202	0.82 years	
GT30JAN2018	30-Jan-18	49,040	1,96,160	-	-	6,715	2,38,485	1,46,535	91,950	262	0.84 years	
GT30JAN2018A	30-Jan-18	17,960	71,840	-	-	-	89,800	35,920	53,880	262	1.34 years	
GT23APR2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.19 years	
GT26JUL2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	0.82 years	
GT30OCT2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	73,460	2,93,840	254	1.71 years	
GT19MAR2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	1,46,060	4,42,400	278	2.09 years	
GT30JUL2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	0.83 years	
GT05NOV2019	05-Nov-19	-	-	2,75,600	-	-	2,75,600	-	2,75,600	316	2.30 years	
GT23JAN2020	23-Jan-20	-	-	53,000	-	-	53,000	-	53,000	317	2.52 years	
<b>Total</b>		<b>7,94,946</b>	<b>31,79,784</b>	<b>3,60,232</b>	<b>17,920</b>	<b>2,34,405</b>	<b>40,82,637</b>	<b>18,55,680</b>	<b>22,26,957</b>			

\*Equity shares of Face value of ₹10/- have been split into face value of ₹ 2 per share on June 17, 2019, pursuant to resolution passed through postal ballot on June 3, 2019

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 43-ESOP Disclosure of Cholamandalam Financial Holdings Limited

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant. The related compensation cost, if any, is being accounted for by the Resulting Company.

The key assumptions used in Black-Scholes model for calculating the fair value as on the date of the grants are:

#### a) Company's Stock Options

##### Employee Stock Option plan 2007

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the Market at the time of Option Grant (₹)	Fair Value of the Option (₹)
1	31-Oct-08	7.71	2.50	39.11	3.43	43.37	11.34
2	30-Jan-09	7.44	2.50	42.02	3.43	45.61	12.50
3							
Tr I	31-Oct-09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
Tr II	31-Oct-09	8.22 - 8.25	1.62 - 2.62	31.56 - 37.07	1.86	39.19	73.92 - 74.89
4							
Tr I	31-Jul-09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
Tr II	31-Jul-09	0.00 - 8.24	0.00 - 2.99	0.00 - 39.82	1.86	30.67	80.83 - 81.68
5	31-Oct-09	8.21 - 8.31	0.12 - 3.24	32.28 - 42.55	1.86	16.73	92.20 - 94.76
6	30-Jan-10	8.21 - 8.31	0.24 - 3.49	28.04 - 43.77	1.86	21.42	88.54 - 90.00
7							
Tr I	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr II	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
Tr III	29-Jan-12	8.21 - 8.26	1.24 - 5.48	31.69 - 46.73	1.86	96.63	39.45 - 80.72
8	29-Jan-12	8.21 - 8.26	1.24 - 4.48	31.69 - 43.79	1.86	96.63	27.22 - 52.67
9	29-Jan-12	8.21 - 8.26	1.24 - 3.48	31.69 - 43.79	1.86	96.63	27.22 - 46.62
10	02-May-12	8.21 - 8.25	1.37 - 5.74	31.38 - 47.27	1.86	96.63	27.90 - 56.06
11	01-Aug-12	8.21 - 8.25	1.49 - 5.99	31.76 - 47.01	1.86	110.23	21.93 - 53.00
12							
Tr I	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75
Tr II	02-Nov-12	8.21 - 8.24	1.74 - 6.24	32.74 - 46.93	1.86	98.74	30.05 - 57.75

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Employee Stock Option Plan 2016

Grant No.	Vesting Commences on	Risk Free Interest Rate (%)	Expected Life (Years)	Expected Volatility of Share Price (%)	Dividend Yield (%)	Price of the underlying Share in the Market at the time of Option Grant (₹)	Fair Value of the Option (₹)
1							
Tr-I	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16
Tr-II	15-Mar-18	6.75	3.50	31.49	0.25	416.86	134.16

### b) Stock Options of Cholamandalam Investment and Finance Company Limited (CIFCL)

#### ESOP 2007

Date of Grant	Variables						
	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)	
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42	
24-Oct-07	7.87% - 7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25	
25-Jan-08	6.14% - 7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15	
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74	
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22	
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.20% - 55.48%	3.97%	37.70	14.01	
27-Jan-11							
- Tranche I	8%	4 years	59.50%	10.00%	187.60	94.82	
- Tranche II	8%	3.4 years	61.63%	10.00%	187.60	90.62	
30-Apr-11	8%	4 years	59.40%	25.00%	162.55	73.07	
28-Jul-11	8%	4 years	58.64%	25.00%	175.35	79.17	
27-Oct-11	8%	4 years	57.52%	25.00%	154.55	67.26	

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Variables	Post Modification
Risk Free Interest Rate	7.92%-8.12%
Expected Life	0.12 years- 6.25 years
Expected Volatility	28.28%-63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant (₹)	212.05

Date of Grant	Variables				Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield		
25-Jan-17	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29
30-Jan-18	7.11%-7.45%	3.5 - 5.50 years	30.16%-31.46%	0.42%	1,309.70	496.82
30-Jan-18	7.11%-7.45%	3.5 - 5.50 years	30.16%-31.46%	0.42%	1,309.70	531.84
23-Apr-18	7.45%-7.81%	3.51 - 6.51 years	30.33%-32.38%	0.42%	1,562.35	646.08
26-Jul-18	7.71%-7.92%	3.51 - 5.51 years	30.56%-31.83%	0.43%	1,497.30	586.32
30-Oct-18	7.61%-7.85%	3.51 - 6.51 years	32.34%-32.70%	0.51%	1,268.50	531.36
19-Mar-19	6.91% - 7.25%	3.51 - 6.51 years	32.19% - 32.59%	0.47%	1,390.05	564.13
30-Jul-19	6.15% - 6.27%	3.51 - 4.51 years	32.21% - 32.93%	0.52%	248.20	83.66*
05-Nov-19	6.15% - 6.27%	3.51 - 4.51 years	32.21% - 32.93%	0.52%	316.00	112.09*
23-Jan-20	6.15% - 6.27%	3.51 - 4.51 years	32.21% - 32.93%	0.52%	317.00	109.51*
03-Jun-20	5%	3.50 years	47.50%	1.33%	157.90	58.27 *

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

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 44 Change in liabilities arising from financing activities

Particulars	March 31, 2020	Cash flows	Exchange Difference	Other	March 31, 2021
Debt Securities, Borrowings other than debt securities and Sub-ordinated liabilities	55,117.47	8,809.11	(132.68)	3.25	63,797.15

Particulars	April 1, 2019	Cash flows	Exchange Difference	Other	March 31, 2020
Debt Securities, Borrowings other than debt securities and Sub-ordinated liabilities	50,447.28	4,687.13	203.41	(220.35)	55,117.47

- (i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.,  
(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities.

### Note : 45 Maturity Analysis

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	Maturity		
	Amount	Within 12 months	After 12 months
<b>As on March 31, 2021</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	1,708.33	1,708.33	-
Bank balances Other than Cash and Cash Equivalents	4,495.55	4,216.65	278.90
Derivative financial instruments	45.87	45.87	-
Receivables			
i) Trade Receivables	56.60	56.60	-
ii) Other Receivables	38.72	38.72	-
iii) Insurance Contract Assets	279.72	114.45	165.27
iv) Re-insurance Assets	780.28	51.74	728.54
Loans	65,839.34	19,718.63	46,120.71
Investment in Associate & Joint Venture	37.15	-	37.15
Other Investments	11,640.87	2,167.99	9,472.88
Other Financial Assets	729.38	420.71	308.67
<b>Total Financial Assets</b>	<b>85,651.81</b>	<b>28,539.69</b>	<b>57,112.12</b>
<b>Non- Financial Assets</b>			
Current tax assets (Net)	320.40	-	320.40
Deferred tax assets (Net)	973.35	-	973.35
Goodwill on Consolidation	42.72	-	42.72
Investment Property	28.96	-	28.96

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Maturity		
	Amount	Within 12 months	After 12 months
Intangible assets under development	9.91	-	9.91
Property, Plant and Equipment	336.07	-	336.07
Other Intangible assets	39.01	-	39.01
Re-insurance Assets	719.27	376.70	342.57
Other Non-Financial Assets	494.06	219.63	274.43
<b>Total Non- Financial Assets</b>	<b>2,963.75</b>	<b>596.33</b>	<b>2,367.42</b>
<b>Financial Liabilities</b>			
Derivative financial instruments	127.42	-	127.42
Payables			
i) Trade Payables	466.41	466.41	-
ii) Other Payables	204.64	204.64	-
iii) Other Insurers	404.93	222.71	182.22
Debt Securities	12,487.26	6,097.91	6,389.35
Borrowings(Other than Debt Securities)	47,182.26	16,918.07	30,264.19
Subordinated Liabilities	4,127.63	1,019.59	3,108.04
Insurance Contract Liabilities	7,273.36	2,069.21	5,204.15
Other Financial Liabilities	668.02	520.27	147.75
<b>Total Financial Liabilities</b>	<b>72,941.93</b>	<b>27,518.81</b>	<b>45,423.12</b>
<b>Non-Financial Liabilities</b>			
Current tax Liabilities	48.07	48.07	-
Provisions	127.56	127.55	0.01
Insurance Contract Liabilities	4,091.61	1,936.61	2,155.00
Other Non-Financial Liabilities	47.65	34.91	12.74
<b>Total Non-Financial Liabilities</b>	<b>4,314.89</b>	<b>2,147.14</b>	<b>2,167.75</b>

Particulars	Maturity		
	Amount	Within 12 months	After 12 months
<b>As on March 31, 2020</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	3,695.69	3,695.69	-
Bank balances Other than Cash and Cash Equivalents	3,618.49	3,254.41	364.08
Derivative financial instruments	114.20	114.20	-
Receivables			
i) Trade Receivables	30.19	30.19	-
ii) Other Receivables	33.02	33.02	-
iii) Insurance Contract Assets	287.79	133.55	154.24

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Maturity		
	Amount	Within 12 months	After 12 months
iv) Re-insurance Assets	658.80	41.18	617.62
Loans	55,395.73	12,279.03	43,116.70
Investment in Associate & Joint Venture	36.83	-	36.83
Other Investments	8,855.85	3,508.65	5,347.20
Other Financial Assets	537.50	242.72	294.78
<b>Total Financial Assets</b>	<b>73,264.09</b>	<b>23,332.64</b>	<b>49,931.45</b>
<b>Non- Financial Assets</b>			
Current tax assets (Net)	332.13	-	332.13
Deferred tax assets (Net)	687.13	-	687.13
Goodwill on Consolidation	42.72	-	42.72
Investment Property	28.96	-	28.96
Intangible assets under development	10.60	-	10.60
Property, Plant and Equipment	370.06	-	370.06
Other Intangible assets	37.63	-	37.63
Re-insurance Assets	600.65	169.72	430.93
Other Non-Financial Assets	480.69	264.81	215.88
<b>Total Non- Financial Assets</b>	<b>2,590.57</b>	<b>434.53</b>	<b>2,156.04</b>
<b>Financial Liabilities</b>			
Derivative financial instruments	-	-	-
Payables			
i) Trade Payables	331.04	331.04	-
ii) Other Payables	99.62	99.62	-
iii) Other Insurers	272.29	272.29	-
Debt Securities	7,135.18	4,095.98	3,039.20
Borrowings(Other than Debt Securities)	43,473.71	11,938.49	31,535.22
Subordinated Liabilities	4,508.58	520.23	3,988.35
Insurance Contract Liabilities	6,025.07	393.77	5,631.30
Other Financial Liabilities	529.62	428.51	101.11
<b>Total Financial Liabilities</b>	<b>62,375.11</b>	<b>18,079.93</b>	<b>44,295.18</b>
<b>Non-Financial Liabilities</b>			
Provisions	107.59	107.59	-
Insurance Contract Liabilities	3,620.47	1,893.91	1,726.56
Other Non-Financial Liabilities	47.48	27.70	19.78
<b>Total Non-Financial Liabilities</b>	<b>3,775.54</b>	<b>2,029.20</b>	<b>1,746.34</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note: 46 Non-Controlling Interest

Financial information of Subsidiaries having Non-Controlling Interest is given below.

#### As at March 31, 2021

Name of the Subsidiary	Country of Incorporation	As on March 31, 2021	Profit allocated to non controlling interest	Other comprehensive income allocated to non controlling interest	Total comprehensive income allocated to non controlling interest
Cholamandalam Investment and Finance Company Limited (CIFCL)	India	54.53%	829.30	(15.95)	813.35
Cholamandalam MS General Insurance Company Limited (MSGICL)	India	40.00%	110.28	(14.24)	96.04

#### As at March 31, 2020

Name of the Subsidiary	Country of Incorporation	As on March 31, 2020	Profit allocated to non controlling interest	Other comprehensive income allocated to non controlling interest	Total comprehensive income allocated to non controlling interest
Cholamandalam Investment and Finance Company Limited (CIFCL)	India	54.50%	564.21	(37.86)	526.35
Cholamandalam MS General Insurance Company Limited (MSGICL)	India	40.00%	49.99	(0.11)	49.88

The summarised financial information of the Subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

#### As at March 31, 2021

#### Summarised Statement of Profit and Loss

Particulars	CIFCL	MSGICL
Income	9,583.76	4,370.46
Expenses	7,535.86	4,003.64
Profit Before Tax	2,047.90	366.82
Tax Expense	526.51	91.11
Share of Loss from associate	(0.53)	-
Profit for the year	1,520.86	275.71
- Attributable to the owners of the Company	691.56	165.43
- Attributable to the non-controlling interest	829.30	110.28
Other Comprehensive Income		
- Attributable to the owners of the Company	(12.77)	(21.37)
- Attributable to the non-controlling interest	(15.95)	(14.24)



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	CIFCL	CMSGICL
Total Comprehensive Income		
- Attributable to the owners of the Company	678.79	144.06
- Attributable to the non-controlling interest	813.35	96.04

### Summarised Balance Sheet

Particulars	CIFCL	CMSGICL
Financial Assets	73,441.63	12,360.27
Non Financial Assets	1,202.53	1,724.89
Financial Liabilities	64,844.70	8,126.14
Non Financial Liabilities	199.66	4,113.50
Total Equity		
- Attributable to the owners of the Company	4,365.21	1,107.31
- Attributable to the non-controlling interest	5,234.59	738.21

### Summarised Cash Flow Statement

Particulars	CIFCL	CMSGICL
Net cash inflow / (out flow) in operating activities	(10,373.90)	677.86
Net cash outflow from investing activities	(40.33)	(21.74)
Net cash inflow / (out flow) in financing activities	8,515.87	(746.88)
Net Increase / (Decrease) in Cash and Cash equivalents	(1,898.36)	(90.76)

### As at March 31, 2020

### Summarised Statement of Profit and Loss

Particulars	CIFCL	CMSGICL
Income	8,712.51	4,484.71
Expenses	7,124.29	4,268.27
Profit Before Tax	1,588.22	216.44
Tax Expense	534.08	91.46
Share of Loss from associate	(0.42)	-
Profit for the year	1,053.72	124.98
- Attributable to the owners of the Company	475.86	74.99
- Attributable to the non-controlling interest	564.21	49.99
Other Comprehensive Income		
- Attributable to the owners of the Company	(32.48)	(0.16)
- Attributable to the non-controlling interest	(37.86)	(0.11)
Total Comprehensive Income		
- Attributable to the owners of the Company	443.38	74.83
- Attributable to the non-controlling interest	526.35	49.88

### Summarised Balance Sheet

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	CIFCL	MSGICL
Financial Assets	63,048.05	10,352.95
Non Financial Assets	1,010.33	1,535.65
Financial Liabilities	55,720.24	6,645.50
Non Financial Liabilities	138.28	3,637.69
Total Equity		
- attributable to the owners of the company	3,730.71	963.25
- attributable to the non-controlling interest	4,469.15	642.16

### Summarised Cash Flow Statement

Particulars	CIFCL	MSGICL
Net cash inflow / (out flow) in operating activities	(2,058.34)	187.55
Net cash outflow from investing activities	(70.48)	(26.56)
Net cash inflow / (out flow) in financing activities	2,451.81	(76.43)
Net Increase / (Decrease) in Cash and Cash equivalents	322.99	84.56

### Note : 47A (i) Investment in associates

The Group had recognised the value of investment in associate - White Data Systems India Private Limited (WDSI) at fair value on the date of loss of control and the same is carried at cost as at reporting date. ₹ in crores

Particulars	March 31, 2021	March 31, 2020
Value of Investment in Subsidiary on the date of loss of control	25.54	25.54
Less: Cumulative Share of Loss of from Associate	(1.30)	(0.77)
<b>Closing value of Investment</b>	<b>24.24</b>	<b>24.77</b>

The Group has a 30.87% interest in White Data Systems India Private Limited, which is in the business of providing freight data solutions encompassing technology, certification and finance offering in India. The WDSI has dedicated logistics platform "i-loads", seamlessly connects load providers, logistics agents, brokers and transporters through its disruptive technology. It is accounted for using the equity method in the consolidated Ind AS financial statements. The following table illustrates the summarised financial information of the Group's investment in White Data Systems India Private Limited:

Particulars	March 31, 2021	March 31, 2020
Current assets	24.83	43.66
Non-current assets	17.13	6.58
Current liabilities	(7.00)	(12.25)
Non-current liabilities	(0.47)	(0.28)
<b>Equity</b>	<b>34.49</b>	<b>37.71</b>
Proportion of the Group's ownership	30.87%	30.87%
Group's share in the Equity of the associate	10.65	11.64

Particulars	March 31, 2021	March 31, 2020
Revenue from contracts with customers	4.11	47.33
Other Income	1.66	0.19
Depreciation & amortization	(1.04)	(0.98)

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
Finance cost	(0.29)	(0.29)
Employee benefit	(1.88)	(2.25)
Other expense	(4.75)	(45.53)
<b>Profit before tax</b>	<b>(2.19)</b>	<b>(1.53)</b>
Income tax expense	(0.11)	0.18
<b>Profit for the year (continuing operations)</b>	<b>(2.30)</b>	<b>(1.35)</b>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	-	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-	(0.18)
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(2.30)</b>	<b>(1.53)</b>
<b>Group's share of loss for the year</b>	<b>(0.71)</b>	<b>(0.42)</b>
Adjustment relating to prior periods	0.18	-
<b>Group's share of loss considered in the consolidated statement of profit and loss</b>	<b>(0.53)</b>	<b>(0.42)</b>

a) The associate has no contingent liabilities or capital commitments as at March 31, 2021 and March 31, 2020.

### Note : 47A (ii)

Vishwakarma Payments Private Limited (VPPL) is a consortium of 7 entities formed for the purpose of applying to the Reserve Bank of India (RBI) for an NUE (New Umbrella Entity) license within the framework of RBI circular. The licensed NUE is to focus on retail payment systems by developing interoperable infrastructure which will cater to banks and non-banks and enable innovative use-cases to solve the diversity, depth and width of consumers and small businesses in India. VPPL is incorporated with an equity capital of ₹0.01 crs and its network as on March 31, 2021 is ₹0.01 crs. It can commence operations only on receipt of license from RBI. The Group holds 21% stake in VPPL.

### Note : 47B - Investment in Joint Venture

As at March 31, 2021, the Group has 49.50% interest in Cholamandalam MS Risk Services Limited ("CMSRSL") and this entity has been treated as Joint Venture in the consolidated Ind AS financial statements.

The following table illustrates the summarised financial information of the Group's investment in CMSRSL:

Particulars	March 31, 2021	March 31, 2020
Current assets	27.05	26.73
Non-current assets	17.92	18.94
Current liabilities	(9.86)	(10.46)
Non-current liabilities	(9.03)	(10.85)
<b>Equity</b>	<b>26.08</b>	<b>24.36</b>
Proportion of the Group's ownership	49.50%	49.50%
Group's share in the Equity of the Joint Venture	12.91	12.06
Revenue from Operations	40.02	46.29
Other Income	3.57	2.61
Employee benefit	(25.14)	(23.41)

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	March 31, 2021	March 31, 2020
Other expense	(15.81)	(19.87)
<b>Profit before tax</b>	<b>2.64</b>	<b>5.62</b>
Income tax expense	(0.69)	(1.53)
<b>Profit for the year (continuing operations)</b>	<b>1.95</b>	<b>4.09</b>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	-	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-	(0.09)
<b>Total comprehensive income for the year (continuing operations)</b>	<b>1.95</b>	<b>4.00</b>
<b>Group's share of profit</b>	<b>0.97</b>	<b>1.98</b>
Less: Dividend	(0.12)	(0.29)
<b>Group's share of profit (considered in the consolidated statement of Profit and loss)</b>	<b>0.85</b>	<b>1.69</b>

The Group has the following share of contingent liabilities and capital commitments in the Joint venture as at March 31, 2021.

Particulars	March 31, 2021	March 31, 2020
Contested Liabilities Not provided for in respect of Income Tax matters pending before Appellate Authorities	2.00	2.00
Capital commitments	-	0.14

### 48. Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), compliance with solvency requirements prescribed by the Insurance Regulatory and Development Authority of India (IRDAI), maintain strong credit rating and healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the Group's capital is monitored by the Board using, among other measures, the regulations issued by RBI and IRDAI.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

The Group has complied in full with the capital and solvency requirements prescribed by RBI and IRDAI respectively over the reported period.

#### 48.1 Risk Management

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

**Risk Management Framework:** The Group's risk management framework is based on (a) clear understanding and identification of various risks (b) disciplined risk assessment by evaluating the probability and impact of each risk (c) Measurement and monitoring of risks by establishing Key Risk Indicators with thresholds for all critical risks and (d) adequate review mechanism to monitor and control risks.

The Group has a well-established risk reporting and monitoring framework which highlights the movement of top critical risks. This provides the level and direction of the risks, which are arrived at based on the two-level risk

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

thresholds for the identified Key Risk Indicators and are aligned to the overall Group's risk appetite framework approved by the Board. The Group also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The Group identifies and monitors risks periodically. This process enables the Group to reassess the top critical risks in a changing environment that need to be focused on.

**Risk Governance structure:** The Group's risk governance structure operates with a risk management committee with clearly laid down charter and senior management direction and oversight. The Board oversees the risk management process and monitors the risk profile of the Group directly as well as through a Board constituted risk management committee. The committee, 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 key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, insurance risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity risk, foreign currency risk and insurance risk.

### 48.2 Credit Risk

#### Lending

Credit risk in lending business arises when a borrower is unable to meet financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its Vehicle Finance, Loan Against Property and Home Loan business.

The Group also has a well-developed business planning model for the Vehicle Finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

#### Insurance - Investments

Insurance Business is subject to credit risk in connection with issuers of securities held in its investment portfolio and reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realized or unrealized losses and increase provisions for asset default, adversely impacting earnings.

Governance structure, in the form of Investment Committee and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. All Regulatory and Internal norms are built in the Investment system which monitors the investment limits and exposure norms on a daily basis.

The policyholders' funds are invested in accordance with regulatory norms. Investment policy and most of the investment is made in the government securities having sovereign rating and debt securities issued by reputed corporate having appropriate rating as per Investment Committee.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### 48.3 Market Risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices.

#### Lending

The Group's exposure to market risk is a function of asset liability management activities. The Group is exposed to interest rate risk and liquidity risk.

The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

#### Insurance

The Group is exposed to financial and capital market risks – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.

The Group has investment policy in place which deals with guidelines set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to Fair value interest risk.

#### Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market. The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices. The Group has no significant concentration of equity price risk.

### 48.4 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group is in retail lending business on pan India basis targeting primarily customers who either do not get credit or sufficient credit from the traditional banking sector. Vehicle Finance (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors, Construction Equipment and Trade advance to Automobile dealers) is lending against security (other than for trade advance) of Vehicle/ Tractor / Equipment and contributes to 72% of the loan book of the Group as of March 31, 2021 (73% as of March 31, 2020). Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Multi Utility Vehicles, three wheeler and Small Commercial Vehicles, Refinance against existing vehicles, older vehicles (first time buyers), Tractors and Construction Equipment have portfolio share between 10% and 6% leading to well diversified sub product mix.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Loan Against Property is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 22% of the lending book of the Group as of March 31, 2021 (21% as of March 31, 2020). Portfolio is concentrated in North (38%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country. South has 32% and West contributes 25%.

The Concentration of risk is managed by Group for each product by its region and its sub-segments. Group did not overly depend on few regions or sub-segments as of March 31, 2021.

### Insurance - Investments

It is the Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

During the year, no credit exposure limits were exceeded. The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

### 48.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process. In order to further strengthen the control framework and effectiveness, the Group has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the Management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

### 48.6 Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Lending

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Group also has lines of credit that it can access to meet liquidity needs.

### Insurance

The Group's primary funding obligations for insurance business arise in connection with the payment of policyholders' dues and sources of available cash flow include premium receipts and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales)

An asset-liability mismatch occurs when the financial terms of insurance business assets and liabilities do not correspond. These can lead to non-payment / deferment of claims, expenses etc. Through effective cash management and capital planning, the Group ensures that, it is properly funded and maintains adequate liquidity to meet obligations. Based on the Group's historical cash flows and liquidity management processes, the cash flows from operating activities will continue to provide sufficient liquidity to satisfy debt service obligations and to pay other expenses as they fall due. A well defined Asset Liability Management framework enables periodic monitoring of the Asset-Liability position of the Company.

### 48.7 Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to Cross Currency swaps and Forward Contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as Cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

### 48.8 Insurance Risk

The principal risk, the Group faces under insurance contracts, is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by frequency of claims and severity of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of frequency and severance considered based on past trends. The general insurance claim liabilities are sensitive to the key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities. It is not possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

For sensitivity analysis and claims development table, refer note below. The method used for deriving sensitivity information and significant assumptions did not change during the presented periods.

### Sensitivity Analysis of claims outstanding Liabilities \*

#### As at March 2021

Scenario	Increase/ (Decrease) in Net Liabilities	Increase/ (Decrease) in Gross Liabilities	Increase/ (Decrease) in Profit before taxes	Increase/ (Decrease) in Equity
Increase in Insurance Claims Liability Estimate by 2.5%	109.77	116.48	(109.77)	(82.14)
Increase in Insurance Claims Liability Estimate by 5%	219.54	232.96	(219.54)	(164.29)
Decrease in Insurance Claims Liability Estimate by 2.5%	(109.77)	(116.48)	109.77	82.14
Decrease in Insurance Claims Liability Estimate by 5%	(219.54)	(232.96)	219.54	164.29

#### As at March 2020

Scenario	Increase/ (Decrease) in Net Liabilities	Increase/ (Decrease) in Gross Liabilities	Increase/ (Decrease) in Profit before taxes	Increase/ (Decrease) in Equity
Increase in Insurance Claims Liability Estimate by 2.5%	86.36	92.54	(86.36)	(64.63)
Increase in Insurance Claims Liability Estimate by 5%	172.73	185.08	(172.73)	(129.26)
Decrease in Insurance Claims Liability Estimate by 2.5%	(86.36)	(92.54)	86.36	64.63
Decrease in Insurance Claims Liability Estimate by 5%	(172.73)	(185.08)	172.73	129.26

### Insurance Liability (Claims) Development pattern \*

#### As at March 2021

Ultimate Net Loss Cost - Re-estimated	YE 31- Mar-14	YE 31- Mar-15	YE 31- Mar-16	YE 31- Mar-17	YE 31- Mar-18	YE 31- Mar-19	YE 31- Mar-20	YE 31- Mar-21
End of Accident Year	931.59	1,016.41	1,190.33	1,552.59	1,906.10	2,104.34	2,451.93	2,305.88
One Year Later	941.44	978.76	1,193.30	1,529.45	1,890.66	2,117.02	2,444.61	-
Two Year Later	1,001.35	993.57	1,215.88	1,598.50	1,891.36	2,112.21	-	-
Three Year Later	988.15	1,023.83	1,250.45	1,630.91	1,884.11	-	-	-
Four Year Later	1,026.21	1,080.25	1,279.59	1,625.49	-	-	-	-

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Ultimate Net Loss Cost - Re-estimated	YE 31- Mar-14	YE 31- Mar-15	YE 31- Mar-16	YE 31- Mar-17	YE 31- Mar-18	YE 31- Mar-19	YE 31- Mar-20	YE 31- Mar-21
Five Year Later	1,076.15	1,096.81	1,293.25	-	-	-	-	-
Six Year Later	1,089.41	1,102.24	-	-	-	-	-	-
Seven Year Later	1,090.16	-	-	-	-	-	-	-

### As at March 2020

Ultimate Net Loss Cost - Re-estimated	YE 31- Mar-13	YE 31- Mar-14	YE 31- Mar-15	YE 31- Mar-16	YE 31- Mar-17	YE 31- Mar-18	YE 31- Mar-19	YE 31- Mar-20
End of Accident Year	634.27	931.59	1,016.41	1,190.33	1,552.59	1,906.10	2,104.34	2,451.93
One Year Later	674.81	941.44	978.76	1,193.30	1,529.45	1,890.66	2,117.02	-
Two Year Later	689.02	1,001.35	993.57	1,215.88	1,598.50	1,891.36	-	-
Three Year Later	695.58	988.15	1,023.83	1,250.45	1,630.91	-	-	-
Four Year Later	697.34	1,026.21	1,080.25	1,279.59	-	-	-	-
Five Year Later	712.52	1,076.15	1,096.81	-	-	-	-	-
Six Year Later	735.96	1,089.41	-	-	-	-	-	-
Seven Year Later	740.15	-	-	-	-	-	-	-

\* The sensitivity analysis of claims outstanding liability and Insurance Liability (claim) development table are presented net off Re-insurance.

### 48.9 Disclosure of Effects of Hedge Accounting

#### Cash flow Hedge

As at March 31, 2021

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in crores)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in crores)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in crores)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	6	1	1,575.01	651.52	March 18, 2022 to June 03, 2024	(17.20)	(110.25)	Borrowings
Interest rate swaps	1	0	1,422.38	-	June 20, 2028	(19.53)	-	Borrowings
Forward contracts	0	26	-	79.22	March 21, 2022 to June 03, 2024	118.28	50.41	Borrowings
Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income		Hedge Effectiveness recognised in profit and loss		Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss		Line item affected in Statement of Profit and Loss because of the Reclassification	
Foreign exchange risk and Interest rate risk	(45.21)		-		-		NA	

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

As at March 31, 2020

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Crores)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in Crores)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in Crores)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	9	0	2,229.53	-	September 25, 2020 to June 03, 2024	114.20	(210.38)	Borrowings

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	Hedge Effectiveness recognised in profit and loss	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and interest rate risk	(92.32)	-	-	NA

### 48.10 Collateral and Other Credit Enhancements

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Loan Against Property loans are secured by collateral at the time of origination. In case of Vehicle loans, Group values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Loan Against Property loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Group's empanelled valuer.

Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category. Immovable Property is the collateral for Loan Against Property loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law. In respect of Other loans, Home loans follow the same process as Loan Against Property and pledge is created in favour for the Group for loan against securities.

The Group does not obtain any other form of credit enhancement other than the above. 99% of the Group's term loan are secured by way of tangible Collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

### 49. Goodwill

The Goodwill of ₹39.08 crores recognised with respect to CIFCL represents the significant portion of the total Goodwill carried by the Group. The quoted market value of shares of CIFCL as on March 31, 2021 is significantly higher than the acquisition price. Accordingly, based on the assessment of goodwill done by the Group, it believes that the carrying amount of goodwill is recoverable and no impairment has been considered.

The Goodwill of ₹3.64 crores recognised on the acquisition of other subsidiary – MSGICL is not significant and the Group believes that the carrying amount of the Goodwill is recoverable.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 49A Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

The table below summarises the expected utilisation or settlement of assets and liabilities

As at March 31, 2021

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
<b>Financial Assets</b>								
Cash and Cash Equivalents	1,696.17	12.16	-	-	-	-	-	<b>1,708.33</b>
Bank balances other than Cash and Cash Equivalents	977.11	1,030.04	1,674.87	548.65	134.22	105.71	114.44	<b>4,585.04</b>
Derivative financial instruments	-	-	-	-	-	-	45.87	<b>45.87</b>
Receivables								
i) Trade Receivables	56.60	-	-	-	-	-	-	<b>56.60</b>
ii) Other Receivables	38.72	-	-	-	-	-	-	<b>38.72</b>
iii) Insurance contract assets	58.86	9.18	11.18	37.96	-	-	165.27	<b>282.45</b>
iv) Reinsurance assets	10.89	15.77	7.76	17.31	128.67	171.31	428.57	<b>780.28</b>
Loans	5,028.74	5,387.96	7,046.85	13,473.85	37,597.07	13,266.78	19,716.59	<b>1,01,517.84</b>
Investment in Associate & Joint Venture	-	-	-	-	-	-	37.15	<b>37.15</b>
Other Investments *	1,355.86	421.68	591.32	659.37	2,970.95	2,076.90	7,732.04	<b>15,808.12</b>
Other Financial Assets *	63.54	128.51	43.68	75.35	191.28	106.30	116.35	<b>725.01</b>
<b>Total Undiscounted financial assets</b>	<b>9,286.49</b>	<b>7,005.30</b>	<b>9,375.66</b>	<b>14,812.49</b>	<b>41,022.19</b>	<b>15,727.00</b>	<b>28,356.28</b>	<b>1,25,585.41</b>
<b>Financial Liabilities</b>								
Derivative financial instruments	-	-	-	-	-	-	-	-
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	0.04	-	-	-	-	-	-	<b>0.04</b>
ii) Total outstanding dues of creditors other than micro and small enterprises	316.70	74.83	28.06	18.71	28.07	-	-	<b>466.37</b>
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	202.52	-	-	-	2.12	-	-	<b>204.64</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
(III) Other Insurers								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	48.59	113.38	60.74	-	129.58	52.64	-	404.93
Debt Securities	1,106.03	2,695.98	1,086.18	1,540.01	5,628.87	1,604.28	27.12	13,688.47
Borrowings(Other than Debt Securities)	1,592.19	3,088.06	7,488.26	7,091.40	25,223.20	6,945.44	1,101.57	52,530.12
Subordinated Liabilities	2.73	371.75	127.69	779.08	1,599.40	747.35	15,331.01	18,959.01
Insurance Contract Liabilities	131.25	146.41	72.00	160.66	1,194.42	1,590.24	3,978.33	7,273.31
Other Financial Liabilities	499.68	22.15	20.83	28.50	136.40	27.42	9.91	744.89
<b>Total Undiscounted financial liabilities</b>	<b>3,899.73</b>	<b>6,512.56</b>	<b>8,883.76</b>	<b>9,618.36</b>	<b>33,942.06</b>	<b>10,967.37</b>	<b>20,447.94</b>	<b>94,271.78</b>
<b>Total net Undiscounted financial assets/(liabilities)</b>	<b>5,386.76</b>	<b>492.74</b>	<b>491.90</b>	<b>5,194.13</b>	<b>7,080.13</b>	<b>4,759.63</b>	<b>7,908.34</b>	<b>31,313.63</b>

\* The analysis of interest income by remaining contractual maturities on FVTOCI instruments is included along with other investments

### Note : 49A Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities (contd.)

As at March 31, 2020

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
<b>Financial Assets</b>								
Cash and Cash Equivalents	3,085.69	586.03	-	-	-	-	-	3,671.72
Bank balances other than Cash and Cash Equivalents	33.97	131.25	3,051.16	78.59	223.84	115.02	162.64	3,796.47
Derivative financial instruments	-	-	17.11	-	78.16	18.93	-	114.20
Receivables								
i) Trade Receivables	30.19	-	-	-	-	-	-	30.19
ii) Other Receivables	33.02	-	-	-	-	-	-	33.02
iii) Insurance Contact Assets	42.50	16.60	20.83	53.62	7.63	-	150.76	291.94
iv) Reinsurance assets	8.51	12.11	10.32	10.24	120.08	135.58	361.96	658.80
Loans	1,910.07	1,158.74	2,963.55	11,970.25	34,840.77	13,326.17	15,835.34	82,004.89
Investment in Associate & Joint Venture	-	-	-	-	-	-	36.83	36.83

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Total
Other Investments	2,790.54	266.17	312.23	605.82	2,046.31	800.29	5,117.58	<b>11,938.94</b>
Other Financial Assets	118.12	5.85	42.44	75.39	192.13	100.98	116.89	<b>651.80</b>
<b>Total Undiscounted financial assets</b>	<b>8,052.61</b>	<b>2,176.75</b>	<b>6,417.64</b>	<b>12,793.91</b>	<b>37,508.92</b>	<b>14,496.97</b>	<b>21,782.00</b>	<b>1,03,228.80</b>
<b>Financial Liabilities</b>								
Derivative financial instruments	-	-	-	-	-	-	-	-
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	1.01	-	-	-	-	-	-	<b>1.01</b>
ii) Total outstanding dues of creditors other than micro and small enterprises	274.10	27.96	16.78	11.19	-	-	-	<b>330.03</b>
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	97.70	-	-	1.92	-	-	-	<b>99.62</b>
(III) Other Insurers								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	23.90	71.60	35.80	71.50	69.49	-	-	<b>272.29</b>
Debt Securities	282.02	1,901.42	93.48	2,034.24	3,030.05	374.88	29.26	<b>7,745.35</b>
Borrowings(Other than Debt Securities)	945.91	1,381.94	3,800.28	8,610.36	26,541.02	8,079.90	843.73	<b>50,203.14</b>
Subordinated Liabilities	113.70	96.22	146.36	447.61	1,977.26	1,238.18	2,707.74	<b>6,727.07</b>
Insurance Contract Liabilities	95.82	110.44	94.10	93.41	1,094.88	1,236.12	3,300.30	<b>6,025.07</b>
Other Financial Liabilities	281.04	58.42	18.03	35.97	119.90	31.84	5.15	<b>550.35</b>
<b>Total Undiscounted financial liabilities</b>	<b>2,115.20</b>	<b>3,648.00</b>	<b>4,204.83</b>	<b>11,306.20</b>	<b>32,832.60</b>	<b>10,960.92</b>	<b>6,886.18</b>	<b>71,953.93</b>
<b>Total net Undiscounted financial assets/(liabilities)</b>	<b>5,937.41</b>	<b>(1,471.25)</b>	<b>2,212.81</b>	<b>1,487.71</b>	<b>4,676.32</b>	<b>3,536.05</b>	<b>14,895.82</b>	<b>31,274.87</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note 49B Disclosures in connection with IND AS 116 - Leases

The Group has taken office premises and related assets on lease for its operations.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and right to use asset included in Property, Plant and Equipment and the movements during the period:

#### Other Disclosures

##### (i) (a) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2021

Particulars	Amount		
	Building	Office Equipment	Computer Equipment
Opening Balance	146.64	10.54	7.27
Depreciation charge for the Period	(53.86)	(8.59)	(5.42)
Additions during the Period	20.29	25.86	14.11
Adjustment/Deletion	(1.02)	-	-
<b>Closing Balance</b>	<b>112.05</b>	<b>27.81</b>	<b>15.96</b>

##### (i) (b) Movement in the carrying value of the Right to Use Asset for the year ended March 31, 2020

Particulars	Amount		
	Building	Office Equipment	Computer Equipment
Opening Balance	143.56	9.67	6.50
Depreciation charge for the Period	(51.20)	(3.98)	(2.84)
Additions during the Period	62.15	4.85	3.61
Adjustment/Deletion	(7.87)	-	-
<b>Closing Balance</b>	<b>146.64</b>	<b>10.54</b>	<b>7.27</b>

##### (ii) Classification of current and non current liabilities of the lease liabilities as at March 31, 2021

Particulars	As on March 31, 2021	As on March 31, 2020
Current Liabilities	75.75	70.26
Non Current Liabilities	95.70	111.12
<b>Total Lease liabilities</b>	<b>171.45</b>	<b>181.38</b>

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### (iii) Movement in the carrying value of the Lease Liability for the year ended March 31, 2021

Particulars	As on March 31, 2021	As on March 31, 2020
Opening Balance	181.38	168.77
Interest Expense	15.99	16.41
Lease Payments [Total Cash Outflow]	(75.91)	(65.97)
Short term rent concession	(6.30)	-
Additions during the year	58.68	70.04
Adjustment/Deletion	(2.39)	(7.87)
<b>Closing Balance</b>	<b>171.45</b>	<b>181.38</b>

### (iv) Contractual Maturities of Lease liability outstanding as at March 31, 2021

Particulars	As on March 31, 2021	As on March 31, 2020
Less than One year	77.43	72.78
One to Five years	111.77	133.10
More than Five years	9.91	6.18
<b>Total</b>	<b>199.11</b>	<b>212.06</b>

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

Particulars	2020-21	2019-20
Depreciation expense of right-of-use assets	67.87	56.59
Interest expense on lease liabilities	15.99	16.41
Expense relating to short-term leases (included in other expenses)	2.06	1.47
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (included in other expenses)	-	-
<b>Total amount recognised in profit or loss</b>	<b>85.92</b>	<b>74.47</b>

Lease expenses relating to short term leases aggregated to ₹2.06 crs during the year ended March 31, 2021 (₹1.47 crs during the year ended March 31, 2020)

Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 7.35% to 12.00%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions represents rent reductions for a period of time. The Group has applied practical expedient to Ind AS 116 rent concessions. Pursuant to this, Group has recognised ₹6.60 crs in Statement of Profit and loss as reversal in the financial statements.

The Group has several lease contracts that includes extension and termination contracts. These options are negotiated by the Management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgement in determining whether these extension and termination are reasonably certain to be exercised. Also refer note 5.28 & 5A (vii)



## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note : 50

#### Note : 50.1 Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	March 31, 2021		March 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Cash and Cash Equivalents	1,708.33	1,708.33	3,695.69	3,695.69
Bank balances Other than Cash and Cash Equivalents	4,495.55	4,495.55	3,618.49	3,618.49
Derivative financial instruments	45.87	45.87	114.20	114.20
Receivables				
i) Trade Receivables	56.60	56.60	30.19	30.19
ii) Other Receivables	38.72	38.72	33.02	33.02
iii) Insurance Contract Assets	279.72	279.72	287.79	287.79
iv) Reinsurance Assets	780.28	780.28	658.80	658.80
Loans	65,839.34	68,381.89	55,395.73	54,696.35
Investment in Associate & Joint Venture	37.15	37.15	36.83	36.83
Other Investments	11,640.87	11,465.82	8,855.85	8,485.87
Other Financial Assets	729.38	729.38	537.50	537.50
<b>Total Financial Assets</b>	<b>85,651.81</b>	<b>88,019.31</b>	<b>73,264.09</b>	<b>72,194.73</b>
<b>Financial Liabilities</b>				
Derivative financial instruments	127.42	127.42	-	-
Payables				
i) Trade Payables	466.41	466.41	331.04	331.04
ii) Other Payables	204.64	204.64	99.62	99.62
iii) Other Insurers	404.93	404.93	272.29	272.29
Debt Securities	12,487.26	12,492.72	7,135.18	7,134.93
Borrowings(Other than Debt Securities)	47,182.26	47,155.50	43,473.71	43,434.20
Subordinated Liabilities	4,127.63	4,143.95	4,508.58	4,508.16
Insurance Contract Liabilities	7,273.36	7,273.36	6,025.07	6,025.07
Other Financial Liabilities	668.02	668.02	529.62	529.62
<b>Total Financial Liabilities</b>	<b>72,941.93</b>	<b>72,936.95</b>	<b>62,375.11</b>	<b>62,334.93</b>

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities disclosed under level 2 category.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

- i) Derivatives are fair valued using market observable rates and publishing prices.
- ii) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.
- iii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.
- iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.

### Note 50.2 - Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2021

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at Fair value</b>				
FVTOCI Equity Instruments	13.56	12.00	-	1.56
FVTOCI Debt Instruments	5,207.23	-	5,207.23	-
FVTPL Equity Instruments	108.20	105.32	-	2.88
FVTPL Debt Instruments & AIF	1,140.08	-	1,140.08	-
FVTPL Mutual Funds	141.55	141.55	-	-
Derivative financial instruments	45.87	-	45.87	-
<b>Assets for which fair values are disclosed</b>				
Investments-At Amortised cost	4,858.31	-	4,858.31	-
Investment Properties *	27.94	-	-	27.94
Loans	68,381.89	-	68,381.89	-

There have been no transfers between different levels during the period.

\* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2021

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at Fair value</b>				
Derivative financial instruments	127.42	-	127.42	-
<b>Liabilities for which fair values are disclosed</b>				
Debt Securities	12,492.72	-	12,492.72	-

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Borrowings (Other than Debt Securities)	47,155.50	-	47,155.50	-
Subordinated Liabilities	4,143.95	-	4,143.95	-

There have been no transfers between different levels during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2020

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at Fair value</b>				
FVTOCI Equity Instruments	10.09	4.31	4.30	1.48
FVTPL Equity Instruments	78.16	78.16	-	-
FVTPL Debt Instruments	2,506.59	-	2,506.59	-
FVTPL Mutual Funds	86.00	86.00	-	-
Derivative financial instruments	114.20	-	114.20	-
<b>Assets for which fair values are disclosed</b>				
Investments-At Amortised cost	5,818.34	-	5,818.34	-
Investment Properties *	27.89	-	-	27.89
Loans	54,696.35	-	54,696.35	-

There have been no transfers between different levels during the period.

\* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2020

Particulars	Fair value measurement using			
	Total	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at Fair value</b>				
Derivative financial instruments	-	-	-	-
<b>Liabilities for which fair values are disclosed</b>				
Debt Securities	7,134.93	-	7,134.93	-
Borrowings (Other than Debt Securities)	43,434.20	-	43,434.20	-
Subordinated Liabilities	4,508.16	-	4,508.16	-

There have been no transfers between different levels during the period.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

### Note 50.3 Summary of Financial assets and liabilities which are recognised at amortised cost

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Financial Assets</b>		
Cash and Cash Equivalents	1,708.33	3,695.69
Bank balances other than Cash and Cash Equivalents	4,495.55	3,618.49
Loans	65,839.34	55,395.73
Investments	5,030.25	6,175.01
Other Financial Assets	729.38	537.50
<b>Financial Liabilities</b>		
Debt Securities	12,487.26	7,135.18
Borrowings(Other than Debt Securities)	47,182.26	43,473.71
Subordinated Liabilities	4,127.63	4,508.58
Other Financial liabilities	668.02	529.62

50.4 Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Note : 51 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

As at and for the year ended March 31, 2021

Name of the entity	Net Assets (i.e. total assets less total liabilities)		Share in profit or loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
<b>I. Parent</b>								
Cholamandalam Financial Holdings Limited	(1.00%)	(99.22)	(2.00%)	(40.41)	(0.82%)	0.53	(2.35%)	(39.88)
<b>II. Subsidiaries</b>								
Cholamandalam Investment and Finance Company Limited	40.00%	4,523.43	38.00%	674.68	20.67%	(13.30)	38.91%	661.38
Cholamandalam MS General Insurance Company Limited	8.00%	924.58	11.00%	190.05	33.22%	(21.37)	9.92%	168.68
Non-Controlling Interests in all subsidiaries	53.00%	5,972.80	53.00%	939.58	46.93%	(30.19)	53.50%	909.39
<b>III. Associates &amp; Joint Venture</b>								
White Data Systems India Private Limited	0.00%	24.24	0.00%	(0.53)	0.00%	-	(0.03%)	(0.53)
Vishwakarma Payments Private Limited*	0.00%	0.00	0.00%	0.00	0.00%	-	0.00%	0.00
Cholamandalam MS Risk Services Limited	0.00%	12.91	0.00%	0.85	0.00%	-	0.05%	0.85
<b>Total Share of Holding and Non-Controlling Interest</b>	<b>100.00%</b>	<b>11,358.74</b>	<b>100.00%</b>	<b>1,764.22</b>	<b>100.00%</b>	<b>(64.33)</b>	<b>100.00%</b>	<b>1,699.89</b>

\* Yet to commence business.

## Notes to Consolidated Ind AS Financial Statements

(All amounts are in crores of Indian rupees, unless otherwise stated)

As at and for the year ended March 31, 2020

Name of the entity	Net Assets (i.e. total assets less total liabilities)		Share in profit or loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
<b>I.Parent</b>								
Cholamandalam Financial Holdings Limited	(1.00%)	(115.18)	(2.00%)	(12.96)	0.86%	(0.61)	(1.24%)	(13.57)
<b>II.Subsidiaries</b>								
Cholamandalam Investment and Finance Company Limited	40.00%	3,894.54	41.00%	474.75	45.16%	(31.88)	40.47%	442.87
Cholamandalam MS General Insurance Company Limited	8.00%	774.38	8.00%	87.80	0.21%	(0.15)	8.01%	87.65
Cholamandalam Health Insurance Company Limited	0.00%	0.01	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Non-Controlling Interests in all subsidiaries	53.00%	5,111.31	53.00%	614.20	53.77%	(37.97)	52.65%	576.23
<b>III. Associate &amp; Joint Venture</b>								
White Data Systems India Private Limited	0.00%	24.77	0.00%	(0.42)	0.00%	-	(0.04%)	(0.42)
Cholamandalam MS Risk Services Limited	0.00%	12.06	0.00%	1.69	0.00%	-	0.15%	1.69
<b>Total Share of Holding and Non-Controlling Interest</b>	<b>100.00%</b>	<b>9,701.89</b>	<b>100.00%</b>	<b>1,165.05</b>	<b>100.00%</b>	<b>(70.61)</b>	<b>100.00%</b>	<b>1,094.44</b>

### 52. Events after reporting date

There have been no events after the reporting date that require disclosure in the financial statements.

### 53. Prior period information

Previous year figures have been regrouped / re-classified wherever necessary to conform to this year's classification.

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Regn No.101049W/E300004

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

Place : Chennai  
Date : May 14, 2021

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

**Sridharan Rangarajan**  
Director

**M M Murugappan**  
Chairman

**E Krithika**  
Company Secretary

**N Ganesh**  
Manager & Chief Financial Officer



**CAUTIONARY STATEMENT:**

Certain expectations and projections regarding the future performance of the Company referenced in the Annual Report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.



**murugappa**

**CHOLAMANDALAM FINANCIAL HOLDINGS LIMITED**

**CIN: L65100TN1949PLC002905**

'Dare House', No. 234, NSC Bose Road, Chennai 600 001, India

Phone: 044-42177770-5; Fax: 044-42110404

E-mail : [investorservices@cfhl.murugappa.com](mailto:investorservices@cfhl.murugappa.com) | Website: [www.cholafhl.com](http://www.cholafhl.com)