25th ANNUAL REPORT

CHOLAMANDALAM MS RISK SERVICES LIMITED

Cholamandalam MS Risk Services Limited
(An ISO 9001: 2015 Certified Company)
CIN: U74140TN1994PLC029257
Regd. Office: Dare House, No.2, NSC Bose Road, , Chennai – 600001
Tel.: +91 (0) 44 4044 5620, Fax: +91 (0) 44 4044 5500,
e-mail id:sundarm1@cholams.murugappa.com
Website: www.cholarisk.com

July 6, 2020

Dear Member(s),

Sub: Cholamandalam MS Risk Services Limited – Notice convening the 25th Annual General Meeting (AGM) and the Annual Report for FY 2019-20

This is to inform you that the 25th AGM of the Company is scheduled to be held on **Tuesday, July 28, 2020 at 11.00 AM IST through video conferencing ("VC")/ Other Audio Visual Means (OAVM),** in compliance with the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 issued by the Ministry of Corporate Affairs.

Kindly make it convenient to attend the meeting.

The Notice of the 25th AGM and Annual Report 2019-20 of the Company are annexed to this letter.

Members may attend the 25th AGM through Microsoft Teams. The detailed instructions for participating through VC are provided below.

1. All the members will receive an email with a link to participate in the 25th AGM from the undersigned in due course.
2. Members intending to participate in the meeting are required to click on the link available in the mail at the scheduled time of the meeting to join the meeting.
3. The designated email address for any correspondence in relation to the AGM is sundarm1@cholams.murugappa.com
4. Members are requested to contact the above mentioned email address for any correspondence in relation to the AGM.

5. In the AGM, if any item is to be transacted by a poll, the members are required to cast their votes by sending their response on the item to the above designated email address at the time of voting in the AGM.
6. Members may contact the undersigned at his mobile number 9962439444 for any assistance required to join the meeting before or during the meeting.

Regards,
For Cholamandalam MS Risk Services Limited

Sd/-
M Sundar
Company Secretary

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Fifth Annual General Meeting (AGM) of shareholders of Cholamandalam MS Risk Services Limited will be held at 11.00 AM on Tuesday, the 28th day of July 2020, Indian Standard Time (IST) through Video Conference (VC) / Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of financial statements:**

   To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution**:

   RESOLVED THAT the Report of Directors, the Report of Auditors, the Audited Statement of Profit and Loss and the Audited Cash Flow Statement for the year ended March 31, 2020, the Balance Sheet as at that date, as circulated to the members, be and are hereby considered, and adopted.

2. **Declaration of dividend:**

   To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution**:

   RESOLVED THAT a dividend of Rs. 1.25/- per equity share of Rs.10/- each (12.5%) as recommended by the board of directors be and is hereby declared for the year ended March 31, 2020 and be paid to those members in case of shares held in physical form, whose names appear in the register of members, and in case of shares held in dematerialised form, as per the details furnished by the depositories for this purpose as on July 28, 2020.

3. **Appointment of directors:**

   (i) To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution**:

   RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sridharan Rangarajan (DIN: 01814413), who retires by rotation, be and is hereby re-appointed as a Director of the Company.

   (ii)To consider and if deemed fit, to pass with or without modification(s) the following as an **Ordinary Resolution**:

   RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V. Suryanarayanan (DIN: 01416824), who retires by rotation, be and is hereby re-appointed as a Director of the Company.

By Order of the Board

Sd/-

Date: May 19, 2020 — **M.Sundar**

Place: Chennai — **Company Secretary**

NOTES:

1. **MEMBERS MAY NOTE THAT TO PROTECT THE HEALTH AND SAFETY OF ALL THE STAKEHOLDERS INCLUDING THE SHAREHOLDERS IN VIEW OF THE CONTINUING COVID-19 PANDEMIC, THE TWENTY FIFTH ANNUAL GENERAL MEETING ("25TH AGM") OF THE MEMBERS OF THE COMPANY WILL BE HELD AS AN ELECTRONIC AGM ("e-AGM") IN VIRTUAL MODE, THROUGH VIDEO CONFERENCING ("VC")/OTHER PERMITTED AUDIO VISUAL MEANS ("OAVM"), AS PERMITTED BY THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA ("MCA") VIDE ITS CIRCULAR DATED MAY 5, 2020 READ WITH CIRCULARS DATED APRIL 8, 2020 AND APRIL 13, 2020. ACCORDINGLY, THERE WILL BE NO PHYSICAL MEETING OF THE SHAREHOLDERS TAKING PLACE AT A COMMON VENUE IN RESPECT OF THE TWENTY FIFTH ANNUAL GENERAL MEETING.**
2. AS THE 25TH AGM IS BEING HELD PURSUANT TO THE MCA THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXY BY THE MEMBERS WILL NOT BE AVAILABLE HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting to the designated e-mail ID sundarm1@cholams.murugappa.com.
4. Electronic (soft) copy of the Notice of the 25th AGM of the Company inter alia indicating the process and manner of e-voting along with the Annual Report for 2019-20 is being sent to all the Members whose e-mail IDs are registered with the Company for communication purposes including to those who have requested for hard copies. A copy of the Notice of the 25th AGM and the Annual Report is also being made available on the website of the Company. Please note the above is in accordance with the various exemptions provided by the MCA in connection with conduct of Shareholders' meetings during 2020.
5. In addition to the Notice of the 25th AGM and Annual Report for 2019-20, a separate communication addressed to the shareholders of the Company containing the details and instructions for participation in the 25th AGM is also being sent to all the members to their registered e-mail IDs.
6. The dividend of Rs. 1.25/- per equity share of the Company, as recommended by the Board, if declared at the AGM, will be paid, subject to the provisions of the Act, to those members or their mandates, in case of shares held in physical form, whose names appear in the register of members, and in case of shares held in dematerialised form, as per the details furnished by the depositories for this purpose as on July 28, 2020. Members are encouraged to utilise the Electronic Clearing Service (ECS) for receiving dividends by registering their bank mandates.
7. Members holding shares in electronic form may note that bank particulars registered with their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Cameo Corporate Services Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members are requested to intimate immediately any change in their address, if any, to the Registered Office of the Company.

By Order of the Board

Date: May 19, 2020
Place: Chennai

Sd/-
M.Sundar
Company Secretary

DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the **Twenty Fifth Annual Report** together with the audited financial statements of the Company for the year ended March 31, 2020.

FINANCIAL HIGHLIGHTS*

(Rs.in million)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Income	489.00	434.00
Expenses	432.80	385.18
Profit Before Tax	**56.20**	**48.82**
Profit After Tax	40.88	35.31
Other Comprehensive income / (loss)	0.85	0.34
Total Comprehensive Income	**40.03**	**35.65**
Add: Balance b/f from Previous Year	89.48	59.85
Total	**129.51**	**95.50**
Dividend-Equity	5.00	5.00
Tax on Dividend	1.02	1.02
Profit carried to Balance Sheet	123.49	89.48

* The Financial statements have been reinstated as per IND AS format consequent to applicability of IND AS to the Company.

OPERATIONS

During the year, the company registered revenues of Rs.489 million (Rs. 434 million in the previous year) and profit before tax at Rs.56.20 million (Rs. 48.8 million during the last year).

During the year under review, the company further consolidated its clientele with 135 new clients from across the country and overseas. The company has strengthened its Order book further with 600 Mn order book during the year by bagging few long term contracts in Domestic as well as in Overseas. To further intensify the market proximity, the Business assigned one of the senior members as CMO to manage the key accounts and sales function. The company has continued to partner with organizations on its CSR initiatives as an implementation partner in the areas of Health, Safety & Environment (HSE) programs, and Road Safety programs.

As Key service expansion strategy, the Business expanded its secondment business and increased its contribution to revenue from 23% to 33% for the FY2021. The company deployed more than 60% of the resources in Client locations as Safety consultants in various parts of the country.

Specific to Verticals, Process Safety (350+ Projects), Electrical (180+Projects), and Environment Division (60+ Projects) Consultancy Projects executed during the year. Around 70 Construction Safety professionals & 100 Logistics Safety Specialists deployed in 38 different locations for various Corporate's Sites.

The company continues to support Cholamandalam MS General Insurance Company Limited and its clients through value-added services like Thermography, Safety Audits, and Cargo Loss Minimizations Studies.

The company is backed by a strong technical team of multidisciplinary & certified professionals having exposure to domestic and international markets. The company introduced new services such as Contractor Incubation Centre during the FY. The Business also focused on strengthening the middle management with a prestigious 1 Year - Leadership Training Program (LEAD) developed and facilitated by Murugappa Management Development Centre. Also, as an improvement measure, Business deployed an SRP software to manage its end to end business operations process starting from business inquiry to project management to finance.

The Business also partnered with Digital developers to introduce EHS digital products and exploring an option to introduce AI integrated studies into the market. The Strategic Alliance Partnerships with Inogen continues, and a few new Tech Clients were added to the client list. The company kept the engagement with BP Consultancy Co. WLL as our local agent in Kuwait to support the Kuwait operations.

The Joint venture Partner, Mitsui Sumitomo Insurance Company Limited, Japan, continues to support the company by introducing Japanese companies entering the Indian market for risk management services.

DIVIDEND AND RESERVES

Your Directors are pleased to recommend a dividend of Rs. 1.25/- per equity share of Rs.10/- each (12.5%) (previous year – Rs.2.50/-). An amount of Rs. 25,00,000 (Previous Year: Rs. 50,00,000) is proposed to be paid for the year. Your Directors do not propose to transfer any amount to reserves for financial year 2020-21.

OUTLOOK 2020-21

The company has recorded an Order book of Rs. 610 million during the year and carry forward of Rs. 680 million for FY'20-21. Even though Business has a robust carry-forward order book, currently having challenges in execution due to the pandemic situation. Business assumes that the market will expand at a languid pace in FY 21. Better clarity will emerge once the various Industries/corporate start their operations.

DIRECTORS

Mr. Sridharan Rangarajan and Mr. V Suryanarayanan, Directors retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

KEY MANAGERIAL PERSONNEL

Following are the Key Managerial Personnel of the Company as at March 31, 2020, in terms of the provisions of Section 203 of the Companies Act, 2013:

- Mr. N V Subba Rao, Chief Executive
- Mr. M. Sundar, Company Secretary

BOARD MEETINGS

The Board of Directors meet at regular intervals with an annual calendar of meetings circulated at the beginning of the year. The dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance from Directors.

During the year, four Board meetings were convened and held on the following dates: April 22, 2019, July 23, 2019, October 29, 2019, and January 24, 2020. The intervening gap between meetings did not exceed 120 days.

STATUTORY AUDITORS

The shareholders at the 21st Annual General Meeting held on July 26, 2016, had appointed M/s Brahmayya & Co., Chartered Accountants, (Regn No. 000511S) as the statutory auditors of the Company to hold office for a period of five years commencing from the conclusion of the twenty first annual general meeting till the conclusion of twenty sixth annual general meeting. M/s Brahmayya & Co. have confirmed on satisfaction of the eligibility criteria prescribed under the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Details of related party transactions are dealt with in note 29 in notes to accounts.

Covid 19- Actions Initiated

Management Sub- Committee.

Business has extended work from home option to all employees and enabled remote access with necessary IT support. A Senior level Management Sub-Committee is formed to work under the guidance of Industrial hygiene expert and to make regular communications on various Dos & Don'ts during the pandemic. "Travel advisory" is issued and established direct contact with all employees including deployed at Client locations and tracked their whereabouts till they are safely accommodated.

An application was also launched to track employees health during the Covid19 period. Virtual meetings/ Skill Development Programs / Trainings / Yoga & Engagement Session has been conducted during the lock down period with an intention to strengthen the engagement with employees during the lockdown period.

Planning for 2020-21 and thereafter

The Company would continue to encourage employees to Work from Home and rotation policy would be explored to reduce the employees in the office. Office would be opened after complying with the mandatory requirements with respect to sanitation, fumigation, norms related to social distancing etc. Meetings through Virtual mode would be promoted even for the consultancy studies wherever possible.

Maximum Efforts will be made to keep the clients actively engaged by releasing technical papers / promoting training programs / webinars related to COVID and other technical subjects. This is will help client for preparing themselves while restarting the operations. Also intent to release few of the E-learning programs for general public for free of cost and promote through social networks.

Issues pertaining to safety of staff, Customers and other stakeholders would be of taken with utmost care all points of time;

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

PUBLIC DEPOSITS

The Company has not accepted any public deposits during the year under review.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not extended any loans, guarantees. Investments are made as per the provisions of section 186 of the Companies Act, 2013 as given below:

Rs. million

Description	As on 31.03.2019	Movement (Net of Deletions)	As on 31.03.2020
Investments made by the company	1.65	-	1.65

MAINTENANCE OF COST RECORDS

Pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder, the Company is not required to maintain cost records.

RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board while considering the Business plan every year takes into account the business risks associated with it. No risk has been identified which would threaten the existence of the Company. The Company has in place internal control framework to provide reasonable assurance to ensure compliance with internal policies, regulatory matters and to safeguard reliability of financial reporting and its disclosures. The Key observations, recommendations and compliance status of the previous key audit findings of internal auditors are presented to the Board at its quarterly meetings.

POLICY ON PREVENTION OF SEXUAL HARRASSEMENT AT WORK PLACE:

The Company has put in place a policy on prevention of sexual harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. The Company has complied with the requirements of POSH Act relating to constitution of Internal Complaints Committee. All employees are covered under this policy. During the year under review, the company has complied with the provisions of the above said act.

During the calendar year ended December 31, 2019, the Company has not received any complaints under the policy.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT 9 as on March 31, 2020 is attached to this report.

PARTICULARS OF EMPLOYEES

Particulars in terms of the provisions of Rules 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended in MGT-9 which forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors accept the responsibility for the integrity and objectivity of the Statement of Profit & Loss for the year ended March 31, 2020 and the Balance Sheet as at that date ("financial statements") and confirm that:

- in the preparation of the Statement of Profit & Loss and the cash flow statement for the financial year ended March 31, 2020 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken 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. To ensure this, the Company has established internal control systems, consistent with the size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls.
- the financial statements have been prepared on a going concern basis.
- proper systems are in place to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished in this report under Section 134(3) of the Companies Act, 2013 and the rules made thereunder, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. The foreign exchange earnings and outgo during the year was at Rs.97.15 million and Rs.50.96 million respectively.

Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

Acknowledgments

Your Directors wish to thank the joint venture partners – Murugappa Group and Mitsui Sumitomo Insurance Company Limited, Japan, the clients, agents and other Government Agencies for their continued support. Your Directors also place on record their appreciation for the unstinted support rendered by the staff of the Company as well as for their hard work, dedication and commitment.

On behalf of the Board

	Sd/-	**Sd/-**
Date: 19th May, 2020	**SS Gopalarathnam**	**V Suryanarayanan**
Place: Chennai	**Director**	**Director**

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U74140TN1994PLC029257
2	Registration Date	November 17, 1994
3	Name of the Company	CHOLAMANDALAM MS RISK SERVICES LIMITED
4	Address of the Registered office and contact details	Dare House, No.2, NSC Bose Road, Chennai – 600 001
5	Category / Sub-Category of the Company	Company having share capital
6	Whether listed company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai-600 002 Phone : 044- 28460390

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Risk Management / Management Consultancy.	7020	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
NIL					

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoters									
(1) **Indian**									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corporate	-	1000000	1000000	50	-	1000000	1000000	50	-
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-	-	1000000	1000000	50	-	1000000	1000000	50	-
(2) **Foreign**									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corporate	-	1000000	1000000	50	-	1000000	1000000	50	-
d) Banks / FI									
e) Any Other….									
Sub-total (A) (2):-	-	1000000	1000000	50	-	1000000	1000000	50	-
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	-	2000000	2000000	100	-	2000000	2000000	100	-

B. **Public Shareholding** 1.**Institutions** a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h)Foreign Venture Capital Funds i) Others (specify) **Sub-total (B)(1):-**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. **Non Institutions** a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) **Sub-total (B)(2):-**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	-	2000000	2000000	100	-	2000000	2000000	100	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Cholamandalam Financial Holdings Limited (formerly TI Financial Holdings Ltd)	989979	49.49	-	989979	49.49	-	-
2	Chola Insurance Distribution Services Pvt Limited	2	-	-	2	-	-	-
3	Ambadi Investments Limited	2	-	-	2	-	-	-
4	Ambadi Enterprises Limited	1	-	-	1	-	-	-
5	Kartik Investments Trust Limited	10015	0.50	-	10015	0.50	-	-
6	Chola Business services Limited	1	-	-	1	-	-	-
7	Mitsui Sumitomo Insurance Co.	1000000	50.00	-	1000000	50.00	-	-

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

	Shareholding at the beginning of the		Cumulative Shareholding	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No Change during the year			

Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change during the year
At the End of the year	No Change during the year

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No other shareholders other than Promoters of the Company					

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	**% of total shares of the Company**	**No. of shares**	**% of total shares of the company**
At the beginning of the year	None of the Directors and key managerial personnel hold shares in the Company			
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	None of the Directors and key managerial personnel hold shares in the Company			
At the End of the year	None of the Directors and key managerial personnel hold shares in the Company			

V. INDEBTEDNESS

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

Rs. in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 52.68 - -	 - - -	 - - -	 52.68 - -
Total (i+ii+iii)	52.68	-	-	52.68
Change in Indebtedness during the financial year - Addition - Reduction	 - (52.68)	 - -	 - -	 (52.68)
Net Change	**52.68**	-	-	**52.68**
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 - - -	 - - -	 - - -	 - - -
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Rs. in lakhs)

S. No	**Particulars of Remuneration**	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL
2.	Stock Option	NIL

3.	Sweat Equity	NIL
4.	Commission - as % of profit - Others, specify…	NIL
5.	Others, please specify (retiral benefits)	NIL
	Total (A)	NIL
	Ceiling as per the Act	Not Applicable

B. Remuneration to other directors:

Non-Executive Directors

(Rs. in lakhs)

	Name of Directors	**Particulars of Remuneration**
		Sitting Fees paid for attending meetings of Board
1	Mr. S S Gopalarathnam	0
2	Mr. Takashi Kishi	0.60
3	Mr. Hideo Yoshida	0.60
4	Mr. Shinji Ueki	0.30
5	Mr. Sridharan Rangarajan	0.45
6	Mr. V Suryanarayanan	0
	Total	**1.95**

C. **REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

(Rs. in lakhs)

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**		
		Mr. Subba Rao (Chief Executive)	**Mr. M Sundar (Company Secretary)**	**Total**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	122.85 0.21	- - -	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify…		-	-
5.	Others, please specify (retiral benefits)	13.18	-	
	Total	**136.29**	**-**	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHOLAMANDALAM MS RISK SERVICES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Cholamandalam MS Risk Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	Auditor's Response
Contingent Liabilities: We have considered this as a key audit matter because the Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes. Total contingent liabilities as at 31st March, 2020 is Rs.4,05,44,317/-. Refer Note No.30 of financial statements	In relation to this, our audit response included the following: • We have reviewed the details of pending tax demands as at 31st March, 2020. • We have involved our internal experts to consider legal precedence and other rulings in evaluating the Management's position on these uncertain tax positions. • We have also reviewed Company's correspondence with tax authorities, legal counsels, grounds of appeal filed with appellate authorities.

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit 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 Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS

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specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the effect of the pending legal proceedings against it in its financial statements as mentioned in Note : 30 to the Accounts ;

ii. the Company did not have any material foreseeable losses on long term contracts and the company did not have any derivative contracts.

iii. there was no amount to be transferred to the Investor Education and Protection Fund by the Company.

For BRAHMAYYA & Co.
Chartered Accountants
Firm Regn. No.000511S

Place: Chennai
Date: 19th May, 2020

Sd/-
P. Babu
Partner
Membership No. 203358
UDIN: 20203358AAAJW3818

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CHOLAMANDALAM MS RISK SERVICES LIMITED
"ANNEXURE A" TO THE AUDITORS' REPORT REFERRED TO IN OUR REPORT OF EVEN DATE

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

   c) The Company does not own any immovable property.

2. In our opinion and 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 Act. Therefore, clauses (iii)(a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.

3. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to its Director(s) and has not made any investment, provided any guarantee or security as envisaged in Section 185 and Section 186 of the Companies Act, 2013, respectively

4. The Company has not accepted any deposits from the public.

5. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.

6. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income tax, Goods and Service Tax, and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2020 for a period of more than six months from the date they became payable.

   ii) In our opinion and according to the information and explanations given to us, there are no dues of Goods and Service Tax which have not been deposited on account of any dispute The dues in respect of Income tax which have not been deposited on account of dispute are as follows:

Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Rs.4,05,44,317/-	Assessment Year 2016-17 & 2017-18	Commissioner of Income Tax (Appeals)

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7. The Company does not have any borrowings from Banks, financial institutions, Government or by issue of debentures.

8. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which the loans were obtained.

9. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the year.

10. The provisions Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company for the financial year ended 31st March 2020.

11. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards

12. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

13. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.

14. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year has been such that clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company for the year.

For BRAHMAYYA & Co.
Chartered Accountants
Firm Regn. No.000511S

Place: Chennai
Date: 19th May, 2020

Sd/-
P. Babu
Partner
Membership No. 203358
UDIN: 20203358AAAJW3818

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CHOLAMANDALAM MS RISK SERVICES LIMITED
"ANNEXURE B" TO THE AUDITORS' REPORT REFERRED IN OUR REPORT OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Cholamandalam MS Risk Services Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, 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 BRAHMAYYA & Co.
Chartered Accountants
Firm Regn. No.000511S

Place: Chennai
Date: 19th May, 2020

Sd/-
P. Babu
Partner
Membership No. 203358
UDIN: 20203358AAAJW3818

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Cholamandalam MS Risk Services Limited
Balance Sheet as at March 31, 2020

	Particulars	Note No.	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
I.	**ASSETS**			
	Non-current assets			
	Property, plant and equipment	3	72,01,223	64,56,005
	Risght-of-use assets	3	2,56,32,059	-
	Capital Work in Progress		12,00,000	-
	Intangible assets	3	9,86,604	15,77,507
	Financial assets			
	(i) Investments	4	16,46,309	16,46,309
	(ii) Bank Balances other than Cash and cash equivalents	5	3,16,24,639	3,23,00,000
	(iii) Deferred tax assets (net)	6	1,16,02,000	95,41,000
	Current Tax Assets(Net)	7	10,70,83,796	9,02,82,578
	Other non- current Assets	8	24,11,255	19,06,443
	Total non-current assets		**18,93,87,885**	**14,37,09,842**
	Current assets			
	Financial assets			
	(i)Trade receivables	9	17,15,10,959	16,98,96,633
	(ii)Cash and Bank Balances	10	1,52,83,903	2,09,36,942
	(iii)Bank Balances other than (ii) above	11	2,19,00,675	23,90,080
	(iv)Loans	12	2,57,39,454	1,98,20,374
	(v)Others	13	2,75,18,262	1,97,14,474
	Other Current Assets	14	53,40,560	61,40,470
	Total current assets		**26,72,93,813**	**23,88,98,973**
	Total Assets		**45,66,81,698**	**38,26,08,815**
II.	**EQUITY AND LIABILITIES**			
	Equity			
	Equity share capital	15	2,00,00,000	2,00,00,000
	Other equity	16	22,34,81,272	18,94,82,307
	Non Current			
	Financial liabilities			
	(i) Lease liabitlities	17	2,08,13,237	-
	(ii) Other financial liabilities	18	7,57,43,532	7,43,89,400
	Employee benefit obligation	21	1,20,06,505	94,91,484
	Total non-current liabilities		**35,20,44,546**	**29,33,63,191**
	Liabilities			
	Current liabilities			
	Financial liabilities			
	(i) Borrowings	19	-	52,67,530
	(ii) Trade payables	20	5,42,62,080	4,38,47,210
	(iii) Lease liablities	17	38,42,649	-
	(iv) Other financial liabilities	18	1,07,29,267	1,02,39,614
	Employee benefit obligation	21	2,44,57,054	2,11,29,179
	Other current liabilities	22	1,13,46,102	87,62,091
	Total current liabilities		**10,46,37,152**	**8,92,45,624**
	Total equity and liabilities		**45,66,81,698**	**38,26,08,815**
	Summary of Significant accounting Policies	**2**		

The notes referred to above form an integral part of the Financial statements
This is the Balance Sheet referred to in our report of even date

For Brahmayya & Co.	sd	sd
Chartered Accountants	V Suryanarayanan	S S Gopalarathnam
Firm Registration No.000511S	Director	Director
sd		
P. Babu	sd	sd
Partner	N V Subba Rao	Takashi Kishi
Membership No.203358	Chief Executive	Director
	sd	
Place: Chennai	M. Sundar	
Date: 19-May-2020	Company Secretary	

Cholamandalam MS Risk Services Limited
Statement of Profit and loss for the year ended March 31, 2020

	Particulars	Note No.	For the Year Ended March 31, 2020 Rs.	For the Year Ended March 31, 2019 Rs.
I.	Revenue from operations	**23**	46,28,64,609	40,81,99,344
II.	Other income	**24**	2,61,44,873	2,58,04,764
III.	**Total Income (I + II)**		**48,90,09,482**	**43,40,04,108**
IV.	**Expenses:**			
	Purchase of Stock in Trade		76,71,846	1,15,81,527
	Employee benefits expense	**25**	23,40,85,546	19,23,01,891
	Finance costs	**26**	33,10,571	14,72,652
	Depreciation and amortization expense	**3**	46,78,396	47,51,961
	Other expenses	**27**	18,30,48,874	17,50,72,476
	Total expenses		**43,27,95,233**	**38,51,80,507**
V.	Profit before exceptional and extraordinary items and tax (III-IV)		**5,62,14,249**	**4,88,23,601**
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V - VI)		**5,62,14,249**	**4,88,23,601**
VIII.	Extraordinary Items			
IX.	Profit before tax (VII- VIII)		**5,62,14,249**	**4,88,23,601**
X	Tax expense:			
	(1) Current tax	**6a**	1,73,98,039	1,47,68,052
	(2) Tax - Earlier years			
	(3) Deferred tax (Net)	**6**	(20,61,000)	(12,63,000)
XI	**Profit for the Year from continuing operations (IX-X)**		**4,08,77,210**	**3,53,18,549**
XII	Profit from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	**Profit from Discontinuing operations (after tax) (XII-XIII)**		**-**	**-**
XV	**Profit for the period (XI + XIV)**		**4,08,77,210**	**3,53,18,549**
XVI	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	Acturial (Gain)/Loss		11,36,518	(4,74,292)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(2,86,039)	1,31,948
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be		-	-
	reclassified to profit or loss		-	-
	Total Comprehensive Income for the year		**4,00,26,731**	**3,56,60,893**
XVI	Earnings per equity share: (in Rs.)			
	A. For Continuing Operations			
	(1) Basic & Diluted	28	20.01	17.83
	B. For Discontinuing Operations			
	(1) Basic & Diluted			
	C. For Discontinued & Continuing Operations			
	(1) Basic & Diluted		20.01	17.83
Summary of Significant accounting Policies		**2**		

The notes referred to above form an integral part of the Financial statements
This is the Statement of Profit & Loss referred to in our report of even date

For Brahmayya & Co.	sd	sd
Chartered Accountants	V Suryanarayanan	S S Gopalarathnam
Firm Registration No.000511S	Director	Director
sd		
P. Babu	sd	sd
Partner	N V Subba Rao	Takashi Kishi
Membership No.203358	Chief Executive	Director
	sd	
Place: Chennai	M. Sundar	
Date: 19-May-2020	Company Secretary	

Cholamandalam MS Risk Services Limited
Statement of changes in equity as at March 31, 2020

I) Equity Share Capital

	Amounts
Balance as at April 1, 2018	**2,00,00,000**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**2,00,00,000**
Changes in equity share capital during the year	-
Balance as at March 31, 2020	**2,00,00,000**

II) Other equity

	General reserve	Retained earnings	Actuarial Gain/(Loss) on Gratuity plan	Total
Balance as at April 1, 2018	**10,00,00,000**	**5,98,49,180**	-	**15,98,49,180**
Profit for the period	-	3,53,18,549	-	3,53,18,549
Other comprehensive income	-	-	3,42,344	3,42,344
Total Comprehensive Income	**10,00,00,000**	**9,51,67,729**	**3,42,344**	**19,55,10,073**
Transfer to Retained Earnings	-	-	(3,42,344)	(3,42,344)
Trasnfer from Actuarial Gains/Loss on Gratuity plan	-	3,42,344	-	3,42,344
Less : Dividend @Rs.2.5 per share (Previous year @ Rs.2.5 per share) (incl. dividend distribution tax)	-	(60,27,766)	-	(60,27,766)
Balance as at March 31, 2019	**10,00,00,000**	**8,94,82,307**	-	**18,94,82,307**
Profit for the period		4,08,77,210		4,08,77,210
Other comprehensive income			(8,50,479)	(8,50,479)
Total Comprehensive Income	**10,00,00,000**	**13,03,59,517**	**(8,50,479)**	**22,95,09,038**
Transfer to Retained Earnings			8,50,479	8,50,479
Trasnfer from Actuarial Gains/Loss on Gratuity plan		(8,50,479)		(8,50,479)
Less : Dividend @Rs.2.5 per share (Previous year @ Rs.2.5 per share) (incl. dividend distribution tax)		(60,27,766)		(60,27,766)
Balance as at March 31, 2020	**10,00,00,000**	**12,34,81,272**	-	**22,34,81,272**

This is the statement of changes to equity referred to in our report of even date

For Brahmayya & Co.	sd	sd
Chartered Accountants	V Suryanarayanan	S S Gopalarathnam
Firm Registration No.000511S	Director	Director
sd		
P. Babu	sd	sd
Partner	N V Subba Rao	Takashi Kishi
Membership No.203358	Chief Executive	Director
	sd	
Place: Chennai	M. Sundar	
Date: 19-May-2020	Company Secretary	

Cholamandalam MS Risk Services Limited
Statement of Cash Flow for the year ended March 31, 2020

Particulars	For the Year Ended March 31, 2020 Rs.	For the Year Ended March 31, 2019 Rs.
A.Cash Flow from Operating Activities		
Profit before Taxation	**5,62,14,249**	**4,88,23,601**
Non- cash adjustments and Non-Operating Items :		
		-
Provision for Bad & Doubtful debts	1,80,73,939	1,96,76,930
Depreciation and Amortisation	46,78,396	47,51,961
Provision no longer required written back	(1,08,47,791)	(1,41,33,884)
Profit on Sale of Investment	(91,925)	(1,10,553)
Interest income	(34,85,964)	(26,46,489)
(Profit)/Loss on Sale of Fixed Asset	(2,01,159)	(1,21,482)
Finance Cost	33,10,571	14,72,652
Acturial Gain/(loss)	(8,50,479)	3,42,344
Unrealised (Gain)/loss	(23,60,668)	7,12,417
Operating Profit before working capital changes	**6,44,39,169**	**5,87,67,497**
Changes in Working Capital :		
Increase/(Decrease) in Short term Borrowings	(52,67,530)	52,67,530
Increase/(Decrease) in Long term employee benefits	25,15,021	18,25,488
Increase/(Decrease) in Short term employee benefits	33,27,875	41,37,337
Increase/(Decrease) in Trade Payables	96,99,529	(5,51,45,303)
Increase/(Decrease) in Financial Liabilites	18,43,785	7,62,38,518
Increase/(Decrease) in Other Current Liabilities	25,84,011	(1,17,80,691)
(Increase)/Decrease in Trade Receivables	(68,46,105)	(70,20,197)
(Increase)/Decrease in Short term Loans & Advances	(48,37,439)	(59,88,473)
(Increase)/Decrease in other Financial assets	(78,03,788)	(1,49,36,285)
(Increase)/Decrease in other Current/Non -Current Assets	2,95,098	(22,40,310)
(Increase)/Decrease in Lease liablity	2,50,11,258	
Total Changes in Working Capital	**2,05,21,715**	**(96,42,386)**
Cash Generated from Operations	**8,49,60,884**	**4,91,25,112**
Less : Taxes Paid	(3,41,99,258)	(3,38,66,155)
Net cash generated from operating activities	**5,07,61,626**	**1,52,58,957**
B. Cash flow from Investing Activities		
Proceeds from sale of Fixed Assets	25,53,381	5,96,288
Purchase of Fixed Assets	(3,40,16,990)	(45,88,966)
Purchase of Non Current- Investment	-	(16,46,309)
Purchase of Current Investment	(2,22,00,000)	(60,00,000)
Proceeds from sale of Current Investment	2,22,91,925	61,10,553
Fixed Deposit	(1,88,35,234)	(85,90,082)
Income from Interest on Fixed Deposits	34,85,963	26,46,489
Net Cash flow from Investing Activities	**(4,67,20,955)**	**(1,14,72,027)**
C. Cash flow from Financing Activities		
Repayment of Lease liablity	(3,55,372)	
Dividends Paid	(50,00,000)	(50,00,000)
Dividend Distribution Tax	(10,27,766)	(10,27,766)
Repayment of Short term borrowings		-
Finance Cost	(33,10,571)	(14,72,652)
Net Cash flow (used)/ from Financing Activities	**(96,93,709)**	**(75,00,418)**
Net Increase/Decrease in Cash and Cash equivalents	**(56,53,039)**	**(37,13,488)**
Cash and Cash equivalents at the beginning of the year	2,09,36,942	2,46,50,431
Cash and Cash equivalents at the end of the year	1,52,83,903	2,09,36,942
Components of Cash & Cash equivalents		
Cash on hand	13,574	20,118
with bank - On Current account	1,43,70,329	58,07,175
- On Deposits account	9,00,000	1,51,09,649
Total Cash & Cash equivalents	1,52,83,903	2,09,36,942

This is the Statement of Cash Flow referred to in our report of even date

For Brahmayya & Co.	sd	sd
Chartered Accountants	V Suryanarayanan	S S Gopalarathnam
Firm Registration No.000511S	Director	Director
sd		
P. Babu	sd	sd
Partner	N V Subba Rao	Takahiko Shibakawa
Membership No.203358	Chief Executive	Director
	sd	
Place: Chennai	M. Sundar	
Date: 19-May-2020	Company Secretary	

Notes to Financial Statements

1. Corporate Information

The financial statements of "Chola MS Risk Services Limited" ("the Company" or "Chola MS Risk") are for the year ended 31 March 2020. The Company is an unlisted public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 applicable in India. The registered office of the Company is located at "Dare House", No.2, NSC Bose Road, Chennai - 600001.

1.1 Basis of Preparation

These financial statements for the year ended March 31, 2020 have been prepared in accordance with the Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended up to date.

The Company is a Joint Venture of Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited) and Mitsui Sumitomo Insurance Company Limited. Since Ind AS is applicable to the Joint Venture partner Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited), Ind AS becomes applicable to the Company w.e.f financial year ended March 31, 2019.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The financial statements are presented in INR.

2. Summary of Significant Accounting Policies

2.1 **Presentation and Disclosure of Financial Statements** An asset has been classified as current when it satisfies any of the following criteria:

a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) It is expected to be realized within twelve months after the reporting period; or
c) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability has been classified as current when it satisfies any of the following criteria:
a) It is expected to be settled in the Company's normal operating cycle;
b) It is due to be settled within twelve months after the reporting period; or
c) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period.
Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

2.2 Fair Value Measurement:

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:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 fair value related disclosures are given in the relevant notes.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (Refer Note 32).

2.3 Use of Estimates:

The preparation of Standalone Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, like provision for employee benefits, provision for doubtful trade receivables / advances / contingencies, useful life of Property, Plant and Equipment, revisions, provision for taxation , recognition of contract assets, etc., during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

2.4 Cash and Cash Equivalents:

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

2.5 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.

2.6 Property, Plant and Equipment:

The Company has elected to continue with carrying value of Property, Plant and Equipment under the Indian GAAP, as the deemed cost for the purpose of transition to Ind AS.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the Property, Plant and Equipment but excludes duties and taxes that are recoverable from tax authorities.

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.

2.7 Revenue and Other Income:

As per Ind AS 115, the Company recognizes revenue as and when, the Company satisfies the performance obligation by transferring a promised good or renderings the promised service to a customer.

At contract inception, the Company assesses the goods or services promised in a contract with a customer and identifies performance obligation as each promise to transfer to the customer.

Performance Obligations are measured as the services agreed with the customers for rendering in each contract.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

The change in contract asset between the reporting dates, is recognized as revenue in statement of profit and loss account.

Revenue from service-related activity is recognized as follows:

Fixed price contract is a contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output/Man-days, which in some cases is subject to cost escalation clauses.

The Company enters into fixed price contracts with the Customers. Contract revenue comprises

(a) the initial amount of revenue agreed in the contract; and

(b) variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.

The recognition of revenue and expenses by reference to the stage of completion of a contract is referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

The stage of completion of a contract is determined by a method that measures reliably the work performed.

Depending on the nature of the contract, the methods may include:

(a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; or (b) completion of a proportion of the contract work.

The Company follows the percentage of completion method on the basis of measurement of work actually completed, at the Balance Sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost till completion of the contract and the profit so determined proportionate to the percentage of the actual work done.

The Stage / percentage of completion is determined with reference to the confirmation given by the Clients or/and on the billing schedule agreed with them for the value of work done during the year.

Service 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.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Good and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Interest Income: For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

2.8 Government Grants, Subsidies and Export Benefits

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be realised.

The company accrues for Export benefits under Service Export India Scheme for the eligible value of the grant on the net export realisation of Foreign currency for the eligible years and when there is no uncertainty in receiving the same, at the expected fair value of the grant.

2.9 Employee Benefits: -

I. Defined Contribution Plan

a. Superannuation: The Company contributes a sum equivalent to 15% of the eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year in which the services are rendered.
b. Provident Fund: Contributions to Provident Fund are recognised as expense in the year in which the services are rendered. The Company has no obligation other than the contribution payable to the Regional Provident fund.
c. Employee State Insurance: Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

II. Defined Benefit Plan

Gratuity- The Company makes annual contribution to a Gratuity Fund administered by trustees and the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains / losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are immediately recognised in the balance sheet with a corresponding debit or Credit in to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods.

Past service cost is recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss: -

- Service costs comprising current service costs, past-service costs and
- Net interest expense or income.

III Long Term Compensated Absences:

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit Credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

IV. Short Term Employee Benefits: Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at Credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

2.10 **Leases**: The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The lease asset classes primarily consist of leases for a building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises right of use asset ("ROU") and a corresponding lease liability for all the lease arrangements in which it is a lease, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease arrangement includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows

2.11 Foreign Currency Transactions:

Initial recognition: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet date: Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are accounted using the exchange rates at the dates of initial transactions.

Treatment of Exchange Differences: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the statement of profit and loss.

2.12 **Depreciation and Amortisation**:

Depreciation on fixed assets is provided on straight line method over the useful life of assets and in the manner as prescribed by Schedule II of the Companies Act, 2013 except for the assets which are depreciated at a higher rate based on their estimated useful life as under:

Particulars	**Useful Life (in years)**
Furniture and Fittings *	4 years
Vehicles *	4 Years
Office Equipment *	2 Years & 4 Years
Electrical Fittings *	4 Years
Plant & Machinery *	6 Years

*For these class of assets, based on internal assessment, the management believes that the useful life given above best represents the period over which the management expects to use these assets. Hence, the useful life of these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

Computer software includes cost of application software which is amortised over a period of 4 years.

Depreciation is provided pro-rata from the date of Capitalisation.

2.13 **Taxes on Income**:

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Current 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.

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or 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.

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.

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 reassessed 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 the Statement of profit and loss is recognised outside Statement of profit and 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 Company and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

2.14 **Provisions and Contingencies**: A provision is recognized when a Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 Standalone Financial Statements.

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

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

2.16 **Financial Instruments**: A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability or equity instrument of another company.

A. Financial Assets:

I. Initial Recognition and Measurement: All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

II. Subsequent Measurement: For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost

b. Financial assets measured at fair value through profit or loss (FVTPL)

c. Financial assets measured at fair value through other comprehensive income FVTOCI.

Financial assets carried at amortized cost: At Amortised Cost a 'debt instrument' is measured at the amortised cost if both the following conditions are met: -

-The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- 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.

Financial asset at 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.

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

2.17 **Impairment of Financial Assets**:
In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and Credit risk exposure: -

-Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR.

When estimating the cash flows, the Company is required to consider: -

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off Criteria, the Company does not reduce impairment allowance from the gross carrying amount. For assessing increase in Credit risk and impairment loss, the Company combines financial instruments on the basis of shared Credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in Credit risk to be identified on a timely basis.

B. Financial Liabilities:

i. Initial Recognition and Measurement All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.
ii. Subsequent Measurement The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the Criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own Credit risks are recognized in OCI.
These gains / loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. Loans and Borrowings After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.18 <u>Inventories:</u>

The Company trades telematics devices and stock-in-trade are valued at lower of weighted average cost and estimated net realisable value. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

<u>2.19</u> <u>Significant Accounting Judgements, Estimates and Assumptions</u>:

The preparation of the Company's financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and 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.

a. Judgements:

In the process of applying the company's accounting policies, management has not made any judgements, which have significant effect on the amounts recognised in the standalone Financial Statements

b. Estimates and Assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group.

Such changes are reflected in the assumptions when they occur.

i. Employee Benefits: The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit obligations are given in Note 35

2.20. The **COVID-19** has been declared a pandemic by the World Health Organization on March 11, 2020.The spread of COVID-19 is significantly impacting business operation of the companies, by way of interruption in execution of projects involving travelling to client place for site visit, since March 23, 2020 lockdown ordered by the Government of India which further got extended till 31th May 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities

Consequently, the performance for the month of March 2020 has been partially impacted.

The impact on our business for the FY 20-21 can be assessed fully only on future developments that cannot be reliably predicted. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial results and the Company will closely monitor any material changes to future economic conditions.

The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage in the financial results. The Company is monitoring the situation closely and operations is being resumed in a phased manner taking into account directives from the Government.

Further, as on date with the available information, it does not indicate any adverse impact on the ability of the Company to continue as a going concern

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Note 3

(A) Property, plant and equipment for the Year ended March 31, 2020

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
	DESCRIPTION	**As at**	**Additions**	**Deletions/ Adjustments**	**As at**	**As at**	**Provided for the year ended March 2020**	**Deletions/ Adjustments**	**Up to**	**As at**	
		April 1, 2019			**March 31, 2020**	**April 1, 2019**			**March 31, 2020**	**March 31, 2020**	**March 31,2019**
	Owned Assets										
1	Plant and Machinery	14,74,209	23,25,000	23,25,000	14,74,209	8,70,910	3,36,663	2,09,631	9,97,942	4,76,267	6,03,299
2	Furniture and Fixtures	15,46,978	2,58,000	2,58,000	15,46,978	5,57,834	3,87,723	21,148	9,24,409	6,22,569	9,89,144
3	Vehicles	43,00,739	7,30,817	4,08,066	46,23,490	17,84,962	10,39,588	4,08,066	24,16,484	22,07,006	25,15,777
4	Office Equipment	8,96,192	9,68,639	-	18,64,831	8,13,424	1,05,537	-	9,18,961	9,45,870	82,768
5	Electrical & Fittings	5,76,394		-	5,76,394	2,65,259	1,50,557	-	4,15,816	1,60,578	3,11,135
6	Computers	37,31,626	21,94,671	-	59,26,297	17,77,744	13,59,620		31,37,364	27,88,933	19,53,882
	TOTAL	**1,25,26,138**	**64,77,127**	**29,91,066**	**1,60,12,199**	**60,70,133**	**33,79,688**	**6,38,845**	**88,10,976**	**72,01,223**	**64,56,005**

-

(B) Right of use assets for the Year ended March 31, 2020

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
	DESCRIPTION	**As at**	**Additions**	**Deletions/ Adjustments**	**As at**	**As at**	**Provided for the year ended March 2020**	**Deletions/ Adjustments**	**Up to**	**As at**	
		April 1, 2019			**March 31, 2020**	**April 1, 2019**			**March 31, 2020**	**March 31, 2020**	**March 31,2019**
1	Buildings	-	2,59,38,863	-	2,59,38,863		3,06,804		3,06,804	2,56,32,059	

(C) Intangible assets for the Year ended March 31, 2020

Figures in Rs.

		GROSS BLOCK				AMORTIZATION				NET BLOCK	
	DESCRIPTION	**As at**	**Additions**	**Deletions/ Adjustments**	**As at**	**As at**	**Provided for the year ended March 2020**	**Deletions/ Adjustments**	**Up to**	**As at**	
		April 1, 2019			**March 31, 2020**	**April 1, 2019**			**March 31, 2020**	**March 31, 2020**	**March 31,2019**
1	Software	44,41,760	4,01,000	-	48,42,760	28,64,253	9,91,903	-	38,56,156	9,86,604	15,77,507
	TOTAL	**44,41,760**	**4,01,000**	**-**	**48,42,760**	**28,64,253**	**9,91,903**	**-**	**38,56,156**	**9,86,604**	**15,77,507**
	Grand Total	**1,69,67,898**	**3,28,16,990**	**29,91,066**	**4,67,93,822**	**89,34,386**	**46,78,395**	**6,38,845**	**1,29,73,936**	**3,38,19,886**	**80,33,512**

Note 3

(A) Property, plant and equipment for the Year ended March 31, 2019

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
	DESCRIPTION	**As at**	**Additions**	**Deletions/ Adjustments**	**As at**	**As at**	**Provided for the year ended March 2018**	**Deletions/ Adjustments**	**Up to**	**As at**	
		April 1, 2018			**March 31, 2019**	**April 1, 2018**			**March 31, 2019**	**March 31, 2019**	**March 31,2018**
1	Plant and Machinery	9,08,209	5,66,000	-	14,74,209	5,32,838	3,38,072	-	8,70,910	6,03,299	3,75,371
2	Furniture and Fixtures	13,85,111	1,61,867	-	15,46,978	1,92,225	3,65,609	-	5,57,834	9,89,144	11,92,886
3	Vehicles	35,20,443	16,72,162	8,91,866	43,00,739	10,12,867	11,89,152	4,17,057	17,84,962	25,15,777	25,07,576
4	Office Equipment	8,87,733	57,938	49,479	8,96,192	5,52,045	3,10,858	49,479	8,13,424	82,768	3,35,688
5	Electrical & Fittings	5,76,394		-	5,76,394	1,14,700	1,50,559	-	2,65,259	3,11,135	4,61,694
6	Computers	21,87,662	15,61,389	17,425	37,31,626	7,90,846	10,04,323	17,425	17,77,744	19,53,882	13,96,816
	TOTAL	**94,65,552**	**40,19,356**	**9,58,770**	**1,25,26,138**	**31,95,521**	**33,58,573**	**4,83,961**	**60,70,133**	**64,56,005**	**62,70,031**

-

(B) Intangible assets for the Year ended March 31, 2019

Figures in Rs.

		GROSS BLOCK				AMORTIZATION				NET BLOCK	
	DESCRIPTION	**As at**	**Additions**	**Deletions/ Adjustments**	**As at**	**As at**	**Provided for the year ended March 2018**	**Deletions/ Adjustments**	**Up to**	**As at**	
		April 1, 2018			**March 31, 2019**	**April 1, 2018**			**March 31, 2019**	**March 31, 2019**	**March 31,2018**
1	Software	38,72,150	5,69,610	-	44,41,760	14,70,865	13,93,388	-	28,64,253	15,77,507	24,01,285
	TOTAL	**38,72,150**	**5,69,610**	**-**	**44,41,760**	**14,70,865**	**13,93,388**	**-**	**28,64,253**	**15,77,507**	**24,01,285**
	Grand Total	**1,33,37,702**	**45,88,966**	**9,58,770**	**1,69,67,898**	**46,66,386**	**47,51,961**	**4,83,961**	**89,34,386**	**80,33,512**	**86,71,316**

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date" the same shall be disclosed as deemed cost

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
Financial assets- Non current		
Note 4		
Investments- FVOCI		
Equity Shares - Unquoted		
Inogen Environmental Alliance Inc.	16,46,309	16,46,309
500,000 shares of USD 0.5 each		
Investments- non current	**16,46,309**	**16,46,309**

Note 5		
Bank Balances other than Cash and cash equivalents		
Fixed Deposits with original maturity for more than 12 months *	3,16,24,639	3,23,00,000
* Fixed Depoists has been placed on lien with Banks		
Total other financial assets- non current	**3,16,24,639**	**3,23,00,000**

Note 7		
Current Tax Assets (Net)		
Advance Tax Paid	71,25,165	71,25,165
Tax paid for overseas operations	1,36,42,884	1,09,86,274
Tax deducted at source receivable	19,11,84,784	15,99,28,176
Less:Provision for Taxation	10,48,69,037	8,77,57,037
		-
Total Current Tax Assets (Net)	**10,70,83,796**	**9,02,82,578**

Note 8		
Other non-current assets		
Advance for Capital Assets	-	-
Prepaid Expenses	24,11,255	19,06,443
Total other non- cuurrent Assets	**24,11,255**	**19,06,443**

Note 9		
Trade receivables		
Unsecured, considered good	17,15,10,959	16,98,96,633
Unsecured, considered Doubtful		
Doubtful	2,31,81,759	1,59,55,610
Less: Provision for doubtful debts	2,31,81,759	1,59,55,610
Total Trade receivables	**17,15,10,959**	**16,98,96,633**

Note 10		
Cash and bank balances		
Cash in Hand	13,574	20,118
Balance with banks		
On current accounts	1,43,70,329	58,07,175
Fixed Deposits with maturity for less than 3 months*	9,00,000	1,51,09,649
Total Cash and Bank Balances	**1,52,83,903**	**2,09,36,942**
* Fixed Depoists has been placed on lien with Banks	9,00,000	91,09,649

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
Note 11		
Bank Balances other than Cash and cash equivalents		
Fixed Deposits placed on lien with the Banks*	2,19,00,675	23,90,080
	2,19,00,675	**23,90,080**
Total Bank Balances other than Cash and Cash equivalents		

* Fixed Depoists has been placed on lien with Banks

Note 12		
Financial Assets - Current		
Loans		
Unsecured and considered good		
Rent deposits	28,19,084	12,42,929
Security deposits	2,04,84,474	1,63,30,448
Employee related advances	7,89,339	6,10,719
Other advances	3,40,594	1,44,817
Earnest Money Deposit	7,83,750	11,81,478
Interest accured on Fixed Deposits	5,22,213	3,09,983
Unsecured and considered Doubtful		
Earnest Money Deposit - Doubtful	89,486	89,486
Less : Provision for doubtful loans and advances	89,486	89,486
Security Deposit - Doubtful	9,11,000	9,11,000
Less : Provision for Security Deposit	9,11,000	9,11,000
Total Loans -Financial Assets - Current	**2,57,39,454**	**1,98,20,374**

Note 13		
Others -Financial Assets - Current		
Unbilled Revenue	2,13,51,203	1,55,16,443
SEIS claim receivables	61,67,059	41,98,031
Total other financial assets- current	**2,75,18,262**	**1,97,14,474**

Note 14		
Other Current Assets		
Prepaid Expenses	41,19,373	48,93,744
Gratuity Fund - Balance with Trust		12,46,726
Advance paid to Vendors	12,21,187	-
Total other current assets	**53,40,560**	**61,40,470**

Cholamandalam MS Risk Services Limited
Notes to balance sheet - Equity share capital and other equity
Note 15
Equity share capital

Authorised equity share capital

	Number of shares	Amount
As at 1 April 2019	20,00,000	2,00,00,000
Increase during the year		
As at 31 March 2020	**20,00,000**	**2,00,00,000**

(i) Movements in equity share capital

	Number of shares	Equity share capital (par value)
As at 1 April 2019	20,00,000	2,00,00,000
As at 31 March 2020	**20,00,000**	**2,00,00,000**

Terms and rights attached to equity shares

The company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Shares of the company held by holding / ultimate holding company

	March 31, 2020		March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	9,89,979	98,99,790	9,89,979	98,99,790
Mitsui Sumitomo Insurance Company Limited	10,00,000	1,00,00,000	10,00,000	1,00,00,000
	19,89,979	**1,98,99,790**	**19,89,979**	**1,98,99,790**

(iii) Details of shareholders holding more than 5% shares in the company

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	9,89,979	49.50%	9,89,979	49.50%
Mitsui Sumitomo Insurance Company Limited	10,00,000	50.00%	10,00,000	50.00%
	19,89,979	**99.50%**	**19,89,979**	**99.50%**

Cholamandalam MS Risk Services Limited
Notes to balance sheet - Reserves and surplus

16 **Other Equity**
Reserves and surplus

	March 31, 2020	March 31, 2019
General reserve	10,00,00,000	10,00,00,000
Retained earnings	12,34,81,272	8,94,82,307
Total reserves and surplus	**22,34,81,272**	**18,94,82,307**

a) General reserve	**March 31, 2020**	**March 31, 2019**
Opening balance	10,00,00,000	10,00,00,000
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
Closing balance	**10,00,00,000**	**10,00,00,000**

b) Retained earnings	**March 31, 2020**	**March 31, 2019**
Opening balance	8,94,82,307	5,98,49,180
Net profit for the period	4,08,77,210	3,53,18,549
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	8,50,479	(3,42,344)
Less: Dividends	60,27,766	60,27,766
Closing balance	**12,34,81,272**	**8,94,82,307**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
Note 17		
Lease liablities - Non Current		
Finance Lease obligation	2,08,13,237	-
Total - Non Current	**2,08,13,237**	
Lease liablities - Current		
Finance Lease obligation	38,42,649	-
Total - Current	**38,42,649**	
Total Lease liablities	**2,46,55,886**	

The following is the movement in lease liabilities during the year ended March 31, 2020:

Balance at the beginning	-	
Additions	2,50,11,258	
Deletions	-	
Finance cost accrued during the period	-	
Payment of lease liabilities	3,55,372	
Balance at the end	**2,46,55,886**	

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis

Less than one year	60,09,024	
One to five years	2,50,67,645	
More than five years	-	
Total	**3,10,76,669**	

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	As at March 31, 2020 Rs.	As at March 31, 2019 Rs.
Note 18		
Other Financial Liabilities- Non Current		
Advance from customers	1,94,07,140	2,12,41,860
Security Deposit	5,63,36,392	5,31,47,540
Total other Financial Liabilities- Non Current	**7,57,43,532**	**7,43,89,400**
Other Financial Liabilities- Current		
Advance from customers	37,81,080	26,34,120
Expenses payable	63,09,255	36,54,622
Employee related payables	6,38,932	39,50,872
Total Other Financial Liabilities- Current	**1,07,29,267**	**1,02,39,614**

Note 19		
Borrowings- Current		
Secured		
Cash Credit facility	-	52,67,530
Total Borrowings- Current	**-**	**52,67,530**

(i)Nature of Security

The cash credit facility is secured by hypothecation on the entire Current assets of the Company, both current and future

(ii) Terms of repayment

The amount of credit facility availed from the Bank is payable on demand and the interest is charged at the MCLR rate of the Bank

Note 20		
(i) Trade payables		
Dues to enterprises other than Micro and Small Enterprises	5,33,75,069	4,28,99,497
Dues to Micro and Small Enterprises **	8,87,011	9,47,713
Tota -Trade payables	**5,42,62,080**	**4,38,47,210**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The closing balance represents the principal amount payable to these enterprises and interests due or outstanding on the same.

Note 21		
Employee benefit obligation-Non- Current		
Provision for Leave encashment	1,20,06,505	94,91,484
Total - Non current - Employee benefit obligation	**1,20,06,505**	**94,91,484**

Employee benefit obligation- Current		
Provision for Incentive	1,78,23,648	1,63,57,589
Provision for gratuity	12,76,256	-
Provision for Leave encashment	53,57,150	47,71,590
Total - Current - Employee benefit obligation	**2,44,57,054**	**2,11,29,179**

Note 22		
Other current liabilities		
Statutory related payables	1,13,46,102	87,62,091
Total Current liablities	**1,13,46,102**	**87,62,091**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

6 Deferred tax assets

The balance comprises temporary differences attributable to:

	March 31, 2020	March 31, 2019
Depreciation	12,73,851	12,02,217
Provision for employee benefits	43,70,085	36,21,597
Provision for doubtful debts	60,86,187	47,17,186
Others	(1,28,123)	-
Total deferred tax assets	**1,16,02,000**	**95,41,000**

Movement in deferred tax assets

	Depreciation	Provision for employee benefits	Provision for doubtful debts	Others	Total
At April 1, 2019	12,02,217	36,21,597	47,17,186	-	95,41,000
(Charged)/credited:					
- to profit or loss	71,634	7,48,488	13,69,001	(1,28,123)	20,61,000
At March 31, 2020	**12,73,851**	**43,70,085**	**60,86,187**	**(1,28,123)**	**1,16,02,000**

6a Income Tax Expense

The major components of income tax expense for the years ended 31st March 2020 and 31st March 2019 are:

Statement of Profit and Loss

Particulars	March 31, 2020	March 31, 2019
Current Tax:		
Current income tax charge	1,73,98,039	1,47,68,052
Adjustments in respect of current income tax of previous years		-
Deferred Tax:		
Relating to the origination and reversal of temporary differences	(20,61,000)	(12,63,000)
Income Tax Expense reported in the Statement of Profit and L	**1,53,37,039**	**1,35,05,052**

Other Comprehensive Income (OCI)

Tax effect on		
Re-measurement Loss on Defined Benefit Obligations	(2,86,039)	1,31,948
Income Tax charged to OCI	**(2,86,039)**	**1,31,948**

Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for 31st March 2019 and 31st March 2018:

The tax on the Company's profit before tax differs from the theoretical amount that would arise on using the standard rate of corporation tax in India as follows:

Accounting Profit before income tax

Particulars	March 31, 2020	March 31, 2019
Profit before Income Tax multiplied by Standard Rate of Corporate Tax in India of March 31, 2020- 25.168% & March 31, 2019- 27.82%	1,38,61,963	1,34,50,778
Effects of:		
Rate change on DTA from 27.82% to 25.168%	9,09,516	-
Other Disallowances	5,65,560	54,274
Reversal of provision with respect to prior years	-	-
Net Effective Income Tax	**1,53,37,039**	**1,35,05,052**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	For the Year Ended March 31, 2020 Rs.	For the Year Ended March 31, 2019 Rs.
Note 23		
Revenue from operations		
Fee Income from Services		
Overseas	9,71,48,653	9,72,18,923
Domestic	35,14,07,992	29,35,60,837
Other Operating Income - Training Services	55,93,546	30,64,355
Sale of telematics devices	55,27,455	1,27,01,368
Service income from telematics device	31,86,963	16,53,861
Total Revenue from Operations	**46,28,64,609**	**40,81,99,344**

Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 "Revenue from contracts with customers":

Disaggregation of Revenue: **Figures in Rs.**

Following table covers the revenue segregation in to Operating Segments and Geographical areas.

Particulars	Revenue as per Ind AS 115			Total as per Profit or Loss and Segment Reporting
Segment	**Domestic**	**Foreign**	**Total**	
Consultancy Services	35,70,01,538	9,71,48,653	45,41,50,191	45,41,50,191
Trading activities	87,14,418	-	87,14,418	87,14,418
Total	**36,57,15,956**	**9,71,48,653**	**46,28,64,609**	**46,28,64,609**
a. Revenue recognised based on performance obligations satisfied over a period of time	35,70,01,538	9,71,48,653	45,41,50,191	45,41,50,191
b. Revenue recognised based on performance obligations satisfied at a point in time	87,14,418	-	87,14,418	87,14,418

Movement in Expected credit loss during the year

Particulars	Trade receivables covered under Ind AS 115	
	2019-20	**2018-19**
Opening balance	1,59,55,610	1,06,30,739
Changes in loss allowance:		
Loss allowance based on Expected credit loss	1,80,73,939	1,96,76,930
Additional provision (net)		-
Addition/(reversal) of Loss allowance - net	(1,08,47,790)	(1,43,52,059)
Closing balance	**2,31,81,759**	**1,59,55,610**

Contract balances:
Following table covers the movement in contract asset balances during the year.

Particulars	2019-20	2018-19
Opening balance (A)	1,55,16,443	64,15,635
Add/(Less): Revenue recognised during the year	1,79,30,260	1,55,16,443
Add/(Less): Progress Bills raised during the year	(1,20,95,500)	(64,15,635)
Closing balance (B)	**2,13,51,203**	**1,55,16,443**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Reconciliation of contracted price with revenue during the year

Particulars	2019-20	2018-19
Opening contracted price of orders at the start of the year (including full value of partially executed contracts)	65,38,01,832	67,34,02,964
Changes during the year on account of:		
Add: Fresh orders received	61,02,94,392	52,84,64,447
Add: Scope Change/ Short Closure	28,98,502	(30,39,27,056)
Less: Orders completed	(25,10,58,812)	(24,41,38,522)
Closing contracted price of orders on hand at the end of the year (including full value of partially executed contracts)	**1,01,59,35,914**	**65,38,01,832**

Particulars	2019-20	2018-19
Revenue recognised during the year	45,41,50,191	39,38,44,115
Out of orders completed during the year	25,10,58,812	24,41,38,522
Out of continuing orders at the end of the year (I)	20,30,91,379	14,97,05,593
Revenue recognised upto previous year (towards continuing orders at the end of the year) (II)	19,92,54,270	11,20,53,524
Balance revenue to be recognised in future (III)	61,35,90,265	39,20,42,715
Total Gross work Order value	**1,01,59,35,914**	**65,38,01,832**

Remaining performance obligations: Following table covers the aggregate amount of transaction price allocated to remaining performance obligations and when company expects to convert the same into revenue.

31 March 2020				
Particulars	**Total**	**Likely conversion in revenue**		
		Up to 1 Year	**1 to 2 years**	**More than 2 years**
Orders allocated to the remaining performance obligation	61,35,90,265	10,49,44,691	17,67,43,680	33,19,01,894
31-Mar-19				
Particulars	**Total**	**Likely conversion in revenue**		
		Up to 1 Year	**1 to 2 years**	**More than 2 years**
Orders allocated to the remaining performance obligation	39,20,42,715	21,36,14,000	9,09,48,822	8,74,79,893

Qualitative Disclosure

Performance Obligation

The Company recognizes revenue as and when, the Company satisfies the performance obligation by transferring a promised good or renderings the promised service to a customer.
At contract inception, the Company assesses the goods or services promised in a contract with a customer and identifies performance obligation as each promise to transfer to the customer.
Performance Obligations are measured as the services agreed with the customers for rendering in each contract. Revenue from fixed price contracts are recognised, where the performance obligations were satisfied over time and where there is no uncertainty as to measure or collectability of consideration.

Significant Payment Terms:

Progressive billing as per the milestone agreed with the Customers

Significant Judgement

The Company has adopted the input method to measure the performance obligation in case of consultancy service income. This method appropriately depicts the progress achieved by the Company in satisfying the performance obligation. The transaction price is the consideration as promised in the contract with the customers and company recognizes revenue as and when, the Company satisfies the performance obligation by transferring a promised good or renderings the promised service to a customer.

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	For the Year Ended March 31, 2020 Rs.	For the Year Ended March 31, 2019 Rs.
Note 24		
Other income		
Foreign Exchange Gain	47,64,295	45,94,326
Export Benefit incentives	67,50,513	41,98,031
Interest income :		
Bank fixed deposits	34,85,964	26,46,489
Investment income:		
Miscellaneous Income	3,226	-
Provision no longer required written back	1,08,47,791	1,41,33,884
Profit on sale of Investment on Mutual Fund	91,925	1,10,553
Profit on sale of fixed assets	2,01,159	1,21,482
Total Other Income	**2,61,44,873**	**2,58,04,764**
Note 25		
Employee benefits expense		
Salaries	20,41,96,217	17,14,87,490
Contribution to provident fund	93,20,415	71,39,237
Gratuity & long term compensated absence	70,73,697	59,08,825
Staff welfare	1,34,95,217	77,66,339
Total employee benefits expense	**23,40,85,546**	**19,23,01,891**
Note 26		
Finance Costs		
Interest Cost to MSME	89,594	2,69,689
Interest Cost - Cash Credit	3,88,705	-
Interest Cost - Others	28,32,272	12,02,963
Total Finance Cost	**33,10,571**	**14,72,652**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Particulars	For the Year Ended March 31, 2020 Rs.	For the Year Ended March 31, 2019 Rs.
Note 27		
Other expenses		
Operating expenses		
Recruitment Expenses	8,21,602	3,16,139
Travelling & conveyance	4,24,65,852	4,00,74,279
Communication	13,38,840	9,93,043
Consultants Outsourcing fees	9,22,14,846	9,31,57,815
Less : Reimbursement of Expenses	(63,76,763)	(32,60,556)
	13,04,64,377	**13,12,80,721**
Business Development Cost		
Business Development and Advisory Cost	15,46,279	23,63,363
	15,46,279	**23,63,363**
General & administration expenses		
Power	5,99,675	5,98,204
Rent	69,72,753	78,57,804
Rates & taxes	54,05,780	7,66,958
Repairs & maintenance	30,88,440	19,89,178
Printing & stationery	23,23,721	30,29,996
Postage Expenses	4,66,956	3,71,826
Sitting fees	1,95,000	2,70,000
Insurance	5,16,645	6,59,731
Bank Charges	15,10,750	12,78,573
IT Expenses	18,94,261	19,76,534
Legal and Professional charges	7,59,523	5,17,315
Provision for bad & doubtful debts	1,80,73,939	1,96,76,930
Auditor's remuneration (Details given below)	5,40,000	5,40,000
Tender Fees	5,13,800	89,670
Training Expenses	12,88,325	7,05,997
Project Related Expenses	36,80,066	-
Miscellaneous expenses	32,08,584	10,99,677
	5,10,38,218	**4,14,28,393**
Total other expenses	**18,30,48,874**	**17,50,72,477**
Payment to Auditor		
Audit fee(excluding Service Tax/GST)	4,80,000	4,80,000
Tax audit fee(excluding Service Tax/GST)	60,000	60,000
Certification Fees (excluding GST)	35,000	-
Note 28		
Earnings per share		
Net profit after taxes	4,00,26,731	3,56,60,893
Equity shares outstanding as at the year end (in Nos.)	20,00,000	20,00,000
Nominal value per equity share	10	10
Weighted average number of shares	20,00,000	20,00,000
Earnings per share - Basic	20.01	17.83
Earnings per share - Diluted	20.01	17.83

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Note 29
List of Related parties

a. Companies having substantial interest in voting rights:
1. Cholamandalam Financial Holdings Ltd (Formerly known as TI Financial Holdings Ltd)
2. Mitsui Sumitomo Insurance Company Limited, Japan

b. Companies under same management:
1. Cholamandalam MS General Insurance Company Ltd
2.Cholamandalam Investment and Finance Company Limited

b. Key Managerial Personnel:
1. N.V. Subba Rao – Designation: Chief Executive

Details of Related Party Transactions:

Transactions	Related Party	2019-20 (Rs.)	2018-19 (Rs.)
Rendering of Services	Cholamandalam MS General Insurance Co Ltd	2,99,99,412	3,04,99,845
(Income)	Cholamandalam Investment and Finance Company Limited	-	1,35,000
Availment of Services	Cholamandalam MS General Insurance Co Ltd	34,01,095	45,04,092
(Expense)	Cholamandalam Investment and Finance Company Limited	30,830	6,166
Sitting Fees	A) Mitsui Sumitomo Insurance Company Limited	1,50,000	1,95,000
Dividend Paid	A) Cholamandalam Financial Holdings Limited (Formerly TI Financial Holdings Limited)	24,74,948	24,74,948
	B) Mitsui Sumitomo Insurance Company Ltd	25,00,000	25,00,000
Recovery of Expenses	Cholamandalam MS General Insurance Co Ltd	2,53,286	3,34,766
Receivables / Payables	Cholamandalam MS General Insurance Co Ltd	36,83,756 (Dr)	34,74,299/- Dr
Remuneration to Key Managerial Personnel	A) N V Subba Rao Designation: Chief Executive	1,36,29,150	1,27,08,742

Note 30

Contingent Liability			
Assessment Year	**Particulars**	**As at March 31, 2020**	**As at March 31, 2019**
	Contested Liabilities Not provided for in respect of Tax matters pending before Appellate Authorities **Income Tax Matters:**		
2015-16	In respect of disallowance of payments made towards Business Promotion and Referral charges paid	-	5,38,30,696
2016-17	In respect of disallowance of payments made towards Business Promotion and Referral charges paid	2,62,67,027	2,62,67,027
2017-18	In respect of disallowance of payments made towards Business Promotion and Referral charges paid	1,42,77,290	-

The Company is on appeal against the disallowance of payments made towards Business Promotion and Referral charges paid in accordance with the Preferred Partner Tie up Agreement entered into. For AY 2015-16 , the assessment was ordered in favour of the company at CIT appeals and the company is expecting the same opinion in the subsequent year assessments as well and confident of winning the appeal before the appellate forum.

Capital Commitment	**Particulars**	**As at March 31, 2020**	**As at March 31, 2019**
Software	SRP software	28,00,000	

Note 31

Due to Micro, Small and Medium Enterprises	**Year ended March 31, 2020**	**Year ended March 31, 2019**
The disclosures pursuant to the said MSMED Act are as follows:		
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	5,27,728	6,78,024
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	15,505	1,13,801
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	33,62,125	44,17,783
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	74,089	1,55,888

Note 32

Fair value measurements

Financial instruments by category

		March 31, 2020			March 31, 2019		
	Level	**FVTPL**	**FVOCI**	**Amortised cost**	**FVTPL**	**FVOCI**	**Amortised cost**
Financial assets							
Investments							
- Equity instruments	3		16,46,309		-	16,46,309	-
Trade receivables	3	-	-	17,15,10,959	-	-	16,98,96,633
Cash and cash equivalents		-	-	1,52,83,903	-	-	2,09,36,942
Bank Balances other than (ii) above		-	-	5,35,25,314	-	-	3,46,90,080
Loans	3	-	-	2,57,39,454	-	-	1,98,20,374
Others	3	-	-	2,75,18,262	-	-	2,16,20,917
Total financial assets		**-**	**16,46,309**	**29,35,77,892**	**-**	**16,46,309**	**26,69,64,946**
Financial liabilities							
Trade payables	3	-	-	5,42,62,080	-	-	4,38,47,210
Lease liablities	3			2,46,55,886			-
Other financial liabilities	3	-	-	8,64,72,799	-	-	8,46,29,014
Total financial liabilities		-	-	**16,53,90,765**	**-**	**-**	**12,84,76,224**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

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

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

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 3)

Specific valuation techniques used to value financial instruments at level 3 is determined using discounted cash flow analysis.

(iii) Valution Process

The finance department of the Company includes the team that perform valution of financial assets and liabilities. This term reports to the CFO and the Board on the valution process and results.

(iv) Fair value of financial assets and liabilities measured at amortised cost

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

The fair values for other financial assets (non current) were calculated based on cash flows discounted using a risk adjusted discousnt rate. They are classified as level 3 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

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

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020
Financial instruments and risk management (contd.)

Note 33

Financial risk management

a. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The board of directors meets regularly to approve any commercial, regulatory and organisational requirements of the company and frame policies that define the Company's identification of risk and its interpretation, limit its structure to ensure the appropriate quality and diversification of assets to align to the corporate goals, and specify reporting requirements.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

For all financial assets of the the company, managment assesses and manages credit risk based on internal credit assessment of the parties. Internal credit assessment is performed on a group basis for each class of financial instruments with different characteristics.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk The company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

(i) **Trade receivables:**

Customer credit risk is managed by each business unit under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on this evaluation, credit limit and credit terms are decided. Exposure on customer receivables are regularly monitored and managed through credit lock and release.

The impairment is based on expected credit loss model considering the historical data and financial position of individual customer at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosured below.The Company does not hold any collateral as security. The Company has low concentration of risk with respect to trade receivables, as its customers are widely spread and belong to diversified industries and operate in largely independent markets.

(ii) **Financial Instruments and cash deposits:**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made for short-term in liquid funds of rated mutual funds and deposits with banks. The Investment limits are set out per Mutual fund and the value of total fixed deposit in Banks to minimise the concentration risk. Investments are reviewed by the Board of Directors on a quarterly basis.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.
In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 365 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 1 year of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

(a) Expected credit loss for trade receivables under simplified approach

Year ended 31 March 2020: -

Ageing	Less than 6 months	6 months to 1 year	More than 1 year	Total
Gross carrying amount	15,86,80,167	1,28,30,792	2,31,81,759	19,46,92,718
Expected loss rate	0%	0%	100%	12%
Expected credit losses (Loss allowance provision)	-	-	2,31,81,759	2,31,81,759
Carrying amount of trade receivables (net of impairment)	**15,86,80,167**	**1,28,30,792**	**-**	**17,15,10,959**

Year ended 31 March 2019:

Ageing	Less than 6 months	6 months to 1 year	More than 1 year	Total
Gross carrying amount	15,70,20,296	1,28,76,337	1,59,55,610	18,58,52,243
Expected loss rate	0%	0%	100%	9%
Expected credit losses (Loss allowance provision)	-	-	1,59,55,610	1,59,55,610
Carrying amount of trade receivables (net of impairment)	**15,70,20,296**	**1,28,76,337**	**-**	**16,98,96,633**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020
Financial instruments and risk management (contd.)
Note 33
Financial risk management

(iii) Reconciliation of loss allowance provision measured at life-time expected losses- Loans and deposits

Reconciliation of loss allowance	Rs.
Loss allowance on 1 April 2019	**10,00,486**
Add (Less):	
Changes in loss allowances	-
Loss allowance on 31 March 2020	**10,00,486**

(iv) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on 1 April 2019	1,59,55,610
Changes in loss allowance	72,26,149
Loss allowance on 31 March 2020	**2,31,81,759**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.Management monitors rolling forecasts of The company's liquidity position (comprising the undrawn borrowingfacilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of The company in accordance with practice and limits set by the group. The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2020	31 March, 2019
Floating rate		
Expiring within one year (cash credit facility)	2,00,00,000	1,47,32,470

The Cash Credit facilities may be drawn at any time required by the Company under the drawing limits set by the Bank

(ii) Maturities of financial liabilities
The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:
a) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

	Less than 12 months	More than 1 year	Total
31 March 2020			
Non-derivatives			
Trade payables	5,42,62,080	-	5,42,62,080
Lease liablities	38,42,649	2,08,13,237	2,46,55,886
Other financial liabilities	1,07,29,267	7,57,43,532	8,64,72,799
Total non-derivative liabilities	**6,88,33,996**	**9,65,56,769**	**16,53,90,765**
31 March 2019			
Non-derivatives			
Trade payables	4,38,47,210	-	4,38,47,210
Other financial liabilities	1,02,39,614	7,43,89,400	8,46,29,014
Total non-derivative liabilities	**5,40,86,824**	**7,43,89,400**	**12,84,76,224**

Note 33
Financial instruments and risk management (contd.)
(C) Market risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the receivable in Foreign currency and payabales in foreign currency. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The companys exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

			31 March 2020		31 March 2019	
	GBP	**Euro**	**USD**	**KwD**	**USD**	**KwD**
Financial assets						
Trade receivables		3,03,469	1,50,46,604	3,43,00,299	1,27,91,689	5,36,63,606
Financial liabilities						
Trade payables	1,04,049	-	27,74,634	2,96,47,048	8,14,522	37,62,457
Net exposure to foreign currency risk	**(1,04,049)**	**3,03,469**	**1,22,71,970**	**46,53,251**	**1,19,77,167**	**4,99,01,149**

Sensitivity
The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit after tax	
	31 March 2020	**31 March 2019**
USD sensitivity		
INR/USD Increases by 10%	12,27,197	11,97,717
INR/USD Decreases by 10%	(12,27,197)	(11,97,717)
KWD sensitivity		
INR/KWD Increases by 10%	4,65,325	49,90,115
INR/KWD Decreases by 10%	(4,65,325)	(49,90,115)
Euro sensitivity		
INR/Euro Increases by 10%	30,347	-
INR/Euro Decreases by 10%	(30,347)	-
GBP sensitivity		
INR/GBP Increases by 10%	(10,405)	-
INR/GBP Decreases by 10%	10,405	-

Note 34

Capital management

(a) Risk management

The company's objectives when managing capital are to
• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
• maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:
Net debt (total borrowings net of cash and cash equivalents)
divided by
Total 'equity' (as shown in the balance sheet).

	March 31, 2020
Net debt	0
Total equity	24,34,81,272
Net debt to equity ratio	**0%**

(b) Dividends

	For the FY 2018-19	For the FY 2017-18
(i) Equity shares Final dividend for the year ended 31 March 2019 of Rs. 2.5 per fully paid up share (31 March 2018 – Rs. 2.5 per fully paid per share)	50,00,000	50,00,000

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 2.5 per fully paid equity share for the year ended March 31, 2019. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Note 35
Employee Benefit Obligations

Fair valuation of investments in Equity and Debt instruments

Under Ind AS financial assets designated at fair value through other comprehensive income (FVTOCI) are fair valued at each reporting date with changes in fair value (net of deferred taxes) recognised directly in other comprehensive income.

Re-measurements of post-employment benefit obligations

Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability/ asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of the statement of profit and loss.

Other Comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'Other Comprehensive Income' includes re-measurements of defined benefit plans and diminution in value of investments. The concept of other Comprehensive Income did not exist under previous GAAP.

Retirement benefit plans

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, gratuity and compensated absences.

Defined Contribution Plan

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the employees' salary. The Group's contribution to provident fund is charged as expenses as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for alump-sum payment to vested employees at retirement, death, and while in employment or on termination of employment of an amount equivalent to 26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

2.4.3. Long Term Compensated absences

A provision for leave encashment which is a defined benefit plan is made based on actuarial valuation. Actuarial gains and losses of defined e benefit plans and long term compensated absences are recognized in the profit & loss account in the year of occurrence.
Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.
These plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Note 35
Employee Benefit Obligations

2.4.4. The principle assumptions used for the purposes of actuarial valuations were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity		
Discount Rate	6.36%	7.25%
Expected rate of salary increase	5.50%	5.50%
Attrition Rate	14.00%	14.00%
Compensated Absence Leave		
Discount Rate	6.36%	7.25%
Expected rate of salary increase	5.50%	5.50%

The estimates of future salary increases. Considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

Amounts recognised in total comprehensive income in respect of these define benefit plans are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity		
Current service cost	16,16,796	18,35,736
Interest expense on DBO	7,93,886	6,01,136
Interest (income) on plan assets	(8,89,169)	(5,82,310)
Remeasurement on the net defined benefit liability comprising:		
Actuarial(gain)/loss arising from changes in financial assumptions	5,78,218	4,81,040
Changes in demographic assumptions		
Actuarial(gain)/loss arising from experience adjustments	4,29,511	-2,18,446
Actuarial(gain)/loss on plan assets		
(Return) on plan assets (excluding interest income) *	1,28,789	(7,36,886)
Total	**26,58,031**	**13,80,270**
Defined benefit cost included in P&L	**15,21,513**	**18,54,562**
Total remeasurements included in OCI	**11,36,518**	**-4,74,292**

The amount included in the balance sheet arising from the Company's obligation in respect of the defined benefit is as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity		
Present value of defined benefit obligation	1,40,31,595	1,12,87,125
Fair value of plan assets	1,27,55,341	1,25,33,852
Net liability arising from defined benefit obligation (funded)	12,76,254	-12,46,727

Movements in the present value of defined benefit obligation in the current year were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity		
Opening defined benefit obligation	1,12,87,125	85,87,659
Current service cost	16,16,796	18,35,736
Interest cost	7,93,886	6,01,136
Actuarial(gain)/loss arising from changes in financial assumptions	5,78,218	4,81,040
Actuarial(gain)/loss arising from change in demographic assumptions		
Actuarial(gain)/loss arising from experience adjustments	4,29,511	(2,18,446)
Benefits paid	(6,73,941)	
Closing defined benefit obligation	**1,40,31,595**	**1,12,87,125**

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Note 35
Employee Benefit Obligations
Movement in the fair value of plan assets in the current year was as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity		
b) Reconciliation of Opening and Closing balances of fair value of plan assets		
Fair value of Plan assets at beginning of the year	1,25,33,852	54,22,785
Expected return on plan assets	8,89,169	5,82,310
Actuarial (gain)/loss	(1,28,789)	7,36,886
Employer contribution	1,35,049	57,91,870
Benefits Paid	(6,73,941)	-
Fair value of Plan assets at Year end	1,27,55,340	1,25,33,851

The Company funds the cost of gratuity expected to be earned on a yearly basis to Life Insurance Corporation of India which manages the plan assets.

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected salary increase (inflation rate). The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

Particulars	As at March 31, 2020	As at March 31, 2019
		% age
Discounr Rate		
Discount rate - 0.5% basis points	5.86%	6.75%
Discount rate +0.5% basis points	6.86%	7.75%
obligation would:		
increase by'	3,48,117	2,41,660
decrease by	(3,31,068)	-2,30,239
Escalation rate		
increase by' + 0.5% basis points	6.00%	6.00%
decrease by 0.5% basis points	5.00%	5.00%
obligation would:		
increase by'	3,05,651	2,15,330
decrease by	-2,93,109	-2,08,345

The sensitivity analysis presented above may not be representative of the actual changes in the de fined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated since the project unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year

Cholamandalam MS Risk Services Limited
Notes forming part of accounts for the year ended March 31, 2020

Note 36
Segment information

(a) Description of segments and principal activities
The company's Chief operations decision maker (CODM) examines the company's performance both from a product and geographic perspective and has identified two reportable segments of its business:

The CODM primarily uses a measure of segments results (net of segment revenue and expenses) to assess the performance of the operating segments.

(b) Segment results

	Consulting Income		Trading Income	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Total segment result				
External sales	45,41,50,191	39,38,44,115	87,14,418	1,43,55,229
Unallocable Corporate Income	2,61,44,873	2,58,04,764		
Total Revenue	**48,02,95,064**	**41,96,48,879**	**87,14,418**	**1,43,55,229**
Purchase of Stock-in-Trade	-	-	76,71,846	1,15,81,527
Employee benefits expense	23,40,85,546	19,23,01,891		
Unallocated Finance Costs	33,10,571	14,72,652		
Unallocated Other expenses	18,30,48,874	17,50,72,476		
Depreciation	46,78,396	47,51,961		
Profit before income tax	**5,51,71,677**	**4,60,49,899**	**10,42,572**	**27,73,702**

(c) Segment revenue
The segment revenue is measured in the

	Consulting Income		Trading Income	
	March 31, 2020	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
India	35,70,01,538	29,66,25,192	87,14,418	1,43,55,229
Kuwait	6,46,21,891	6,94,02,385		
Others	3,25,26,762	2,78,16,538		
Total segment revenue	**45,41,50,191**	**39,38,44,115**	**87,14,418**	**1,43,55,229**

<u>Dislcose revenue with single customer more than 10%</u>

Customers	Consulting Income		Trading Income	
	March 31, 2020	**March 31, 2019**	**March 31, 2019**	**March 31, 2018**
The Kuwait Oil Company	4,43,92,216	5,91,23,071	-	-
Cholamandalam MS General Insurance Company Ltd	2,99,99,412	2,97,75,045	-	-

(d) Segment assets
Segment assets are measured in the same

Segment Name	March 31, 2020		March 31, 2019	
	Segment assets	**Non current assets**	**Segment assets**	**Non current assets**
Consulting	26,72,93,813	6,90,55,780	23,88,98,973	4,22,39,954
Trading	-	-	-	-
Total segment assets	**26,72,93,813**	**6,90,55,780**	**23,88,98,973**	**4,22,39,954**

Unallocated:				
Investments		16,46,309		16,46,309
Deferred tax assets	-	1,16,02,000		95,41,000
Current Tax	-	10,70,83,796		9,02,82,578
Total assets as per the balance sheet	**26,72,93,813**	**18,93,87,885**	**23,88,98,973**	**14,37,09,842**
	-	-	-	

* Other than deferred taxes and current taxes assets
Investments held by the company are not considered to be segment assets

Note 36
Segment information

(e) Segment liabilities
Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Segment Name	March 31, 2020		March 31, 2019	
	Segment liabilities	Non current liablities	Non current liablities	Segment liabilities
Consulting	10,08,56,072	10,52,34,713	6,26,39,024	8,66,11,503
Trading	37,81,080	33,28,561	2,12,41,860	26,34,120
Total segment liabilities	**10,46,37,152**	**10,85,63,274**	**8,38,80,884**	**8,92,45,623**
Total liabilities as per the balance sheet	**10,46,37,152**	**10,85,63,274**	**8,38,80,884**	**8,92,45,623**

For Brahmayya & Co.	sd	sd
Chartered Accountants	V Suryanarayanan	S S Gopalarathnam
Firm Registration No.000511S	Director	Director
sd		
P. Babu	sd	sd
Partner	N V Subba Rao	Takashi Kishi
Membership No.203358	Chief Executive	Director
	sd	
Place: Chennai	M. Sundar	
Date: 19-May-2020	Company Secretary	