

# **CHOLAMANDALAM SECURITIES LIMITED**

**ANNUAL REPORT  
2020 – 21**

**Cholamandalam Securities Limited**

**Board of Directors**

Ms. Sasikala Varadachari (DIN 07132398)

Mr. Ravindra Kumar Kundu (DIN 07337155)

Mr. Mahesh Madhukar Waikar (DIN 03639127)

**Auditors**

M/s. S.R. Batliboi & Associates LLP

**Company Secretary**

Balaji H

**Corporate Identity Number**

U65993TN1994PLC028674

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

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**Cholamandalam Securities Limited**

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

Phone No.: 044 4004 7370; Fax No.: 044 4004 7373

CIN - U65993TN1994PLC028674

Website: [www.cholawealthdirect.com](http://www.cholawealthdirect.com)

**Notice to Members**

**NOTICE** is hereby given that the twenty seventh annual general meeting of the members of Cholamandalam Securities Limited will be held at 12.30 p.m. on Thursday, the 29<sup>th</sup> July 2021 at the Registered Office of the company at "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai 600 001 to transact the following business:

**ORDINARY BUSINESS:**

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

**RESOLVED THAT** the board's report, the statement of profit and loss, the cash flow statement for the year ended 31 March, 2021 and the balance sheet as at that date together with the independent auditors' report thereon be and are hereby considered, approved and adopted.

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

**RESOLVED THAT** Mr. Ravindra Kumar Kundu (DIN 07337155), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a director of the company liable to retire by rotation.

By Order of the Board

Place : Chennai  
Date : May 6, 2021

**H Balaji**  
*Company Secretary*

**NOTES:**

- 1. A member entitled to attend and vote at the annual general meeting (AGM) may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the company. Proxy to be valid shall be deposited at the registered office of the company at least forty eight hours before the time for holding the meeting. A person shall not act as a proxy for more than fifty members and holding in the aggregate not more than 10% (ten percent) of the total share capital of the company carrying voting rights. A person holding more than 10% (ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
2. Members are requested to inform immediately any change in their address to the registered office of the company.

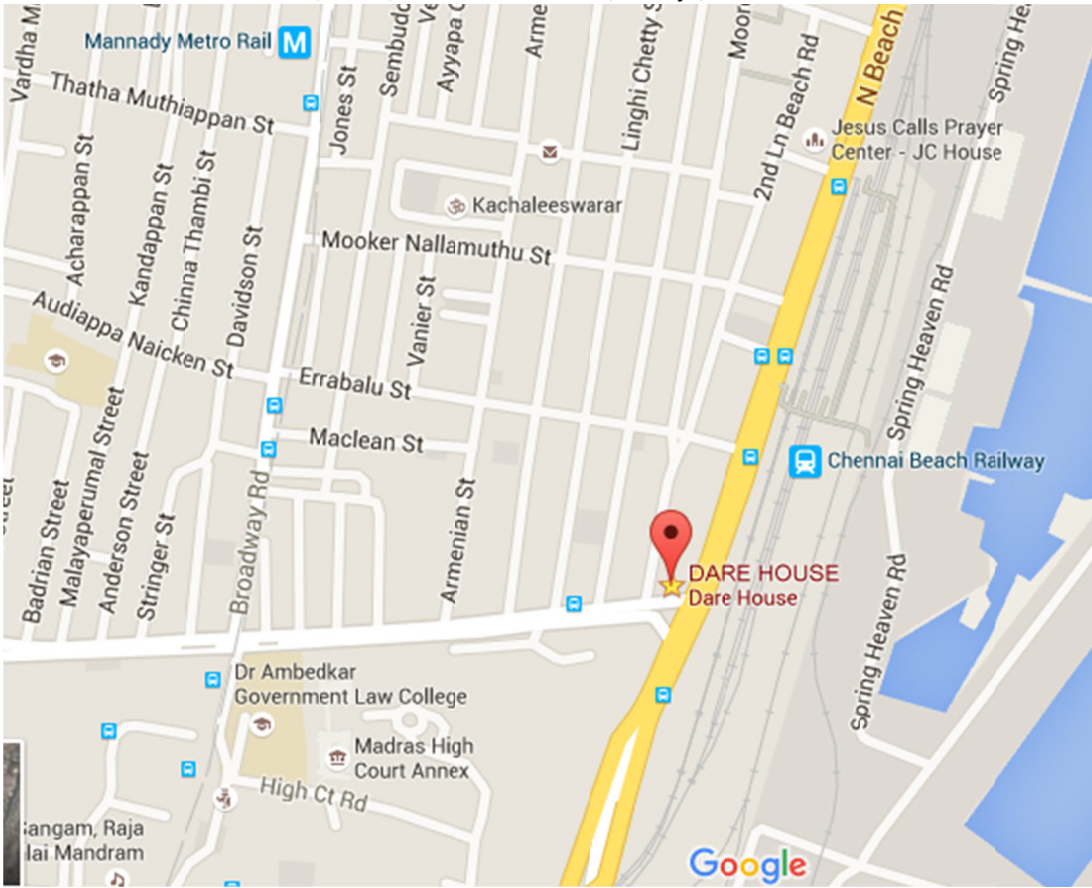
By Order of the Board

Place : Chennai  
Date : May 6, 2021

**H Balaji**  
*Company Secretary*

Route Map to the venue of the AGM

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



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Website: www.cholawealthdirect.com

**ATTENDANCE SLIP**

Folio No.:

Name & Address of Member: .....

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

I/we hereby record my / our presence at the 27<sup>th</sup> AGM held at No.2, N.S.C. Bose Road, Parrys, Chennai 600 001.

.....  
 Member's Folio No.                      Members / Proxy's name in Block letters                      Member's / Proxy's signature

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

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

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Phone No.: 044 4004 7370; Fax No.: 044 4004 7373

Website: www.cholawealthdirect.com

**PROXY FORM**

Name and Address of the member:

E-mail ID:

Folio No.: No. of Shares:

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

1.Name.....Address.....E-mailid.....Signature.....

or failing him/ her .....

2.Name.....Address.....E-mail id.....Signature .....

or failing him/ her .....

3.Name.....Address.....E-mail

id.....Signature... as my/our proxy to attend and vote for me/us and on my/our behalf at the twenty seventh Annual General Meeting of the Company, to held at 12.30 p.m. on Thursday, 29 July, 2021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional) <sup>#</sup>		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements and Board's Report for the year ended 31 March 2021			
2.	Appointment of Mr. Ravindra Kumar Kundu, Director retiring by rotation			

Signed this ..... day of ....., 2021.

Affix Revenue

Signature of shareholder(s)..... Signature of Proxy holder(s)..... Stamp Re.1

Note:  
 The Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The Proxy need not be a Member of the Company.  
<sup>#</sup> 2. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

**BOARD'S REPORT**

Your directors have pleasure in presenting the twenty-seventh annual report together with the audited accounts of the company for the year ended 31 March, 2021.

**FINANCIAL RESULTS***(Rs. in lakhs)*

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Gross Income	3,014.34	2,358.79
Profit before tax	683.90	326.99
Profit after tax	491.70	226.11

**DIVIDEND**

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

**OPERATIONS**

FY 21 has been a good year for the broking and Non-equity products business, despite the pandemic. At the macro level your company continues to benefit from the increased savings and participation in equity markets. We also witnessed clients quickly adapting to technology like Chola Smart trade and paperless onboarding through the Digital onboarding platform. During the year, the company achieved an income of Rs. 3014 lakhs as against Rs. 2359 lakhs of previous year and a PBT of Rs. 684 lacs as against Rs. 327 lacs in FY 20.

**OUTLOOK**

Our focus in FY 22 will be to evolve a strong operating and scalable business model through a complete reimagination of the CSEC offerings on a digital platform, leveraging on the ecosystem of Chola's partnership reach, distribution and infrastructure. The business has initiated technology and digital investments in FY 21 and will continue phased investments in FY 22 to augment the scale of business growth and customer experience. The business will work on deliverables of 8 key elements consisting of product and distribution strategy, digital operating model, operations and compliance, Human resource with focus on capabilities, data analytics, group assets and Information technology as part of CSECs long-term strategy.

**DIRECTORS**

Mr. Ravindra Kumar Kundu, director retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

**DECLARATION FROM INDEPENDENT DIRECTOR**

Ms. Sasikala Varadachari, independent director has submitted a declaration of independence, as required pursuant to section 149(7) of the Act, stating that she meets the criteria of independence as



provided in section 149(6) of the Act. In the opinion of the Board, Ms. Sasikala fulfills the conditions specified in the Act and the rules made there under for appointment as ID including the integrity, expertise and experience and confirms that she is independent of the management. Further, Ms. Sasikala has also registered her name with the data bank of ID and has completed the online proficiency self-assessment test.

#### **KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of section 203 of the Act read with the rules made there under, the following employees are the whole-time key managerial personnel of the company during FY 21:

1. Ms. Mariam Mathew – Manager
2. Mr. D Arulsevan – Chief Financial Officer and
3. Mr. Balaji H - Company Secretary

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

#### **SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

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

#### **AUDITORS**

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants are the statutory auditors of the Company. They were appointed as the statutory auditors of the company at the 23<sup>rd</sup> Annual General Meeting (AGM) held on 26 July, 2017 for a period of five years commencing from the conclusion of 23<sup>rd</sup> AGM till the conclusion of 28<sup>th</sup> AGM of the Company. The report from the statutory auditors on financial statements is attached and forms part of this report and does not contain any qualification.

#### **ANNUAL RETURN**

In accordance with section 134(3)(a) and 92(3) of the Act, the annual return in form MGT-7 is placed on the website of the Company and is available on the weblink: <https://www.cholawealthdirect.com/Downloads.aspx>.

#### **BOARD MEETINGS**

The schedule of board meetings for the calendar year is prepared and circulated in advance to the directors. During the year, the board met five times on 2 June 2020, 29 July 2020, 28 October 2020, 28 January 2021 and 15 March 2021.

**REMUNERATION POLICY, CRITERIA FOR BOARD NOMINATION & SENIOR MANAGEMENT APPOINTMENT**

The Board of directors has framed a remuneration policy relating to the remuneration of the directors, key managerial personnel and other employees. The Company has further formulated the criteria for board nomination and senior management appointment including determining qualifications, positive attributes and independence of a director.

**FORMAL ANNUAL EVALUATION**

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

**RELATED PARTY TRANSACTIONS**

All transactions with related parties that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large. There are no contracts or arrangements entered into with related parties during the year to be disclosed under sections 188(1) and 134(h) of the Act in form AOC-2. All transactions with related party were placed before the board for approval at the beginning of the financial year. The transactions entered into pursuant to the approval so granted were placed before the Board for their review on a quarterly basis.

None of the directors has any pecuniary relationship or transaction vis-à-vis the company.

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

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

**DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal control framework including clear delegation of authority and standard operating procedures are established and laid out across all businesses and functions. These are reviewed periodically at all levels. These measures have helped in ensuring the adequacy of internal financial controls commensurate with the scale of operations of the company.

## **RISK MANAGEMENT**

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

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

- (a) Clear understanding and identification of various risks
- (b) Disciplined risk assessment by evaluating the probability and impact of each risk
- (c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and
- (d) Adequate review mechanism to monitor and control risks.

**Risk Governance structure:** The Enterprise Risk Management (ERM) team of the holding company, Cholamandalam Investment and Finance Company Limited oversees the risk management framework of the company. The Risk Management team also maintains a Risk Policy and Risk Appetite Statement that clearly lay down the risk profile of the business and define acceptable thresholds and review mechanisms for risk metrics. The ERM team meets with the business and functional risk champions periodically to highlight market stimulants or business operations that may lead to inherent risks in the system, and to discuss solutions to effectively mitigate risks.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

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

The company has 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 and Redressal) Act, 2013. An internal complaints committee (ICC) has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy. During the calendar year 31 December 2020, there were no referrals received by ICC.

## **COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS**

The Company has complied with all the provisions of secretarial standards issued by the Institute of Company Secretaries of India in respect of meetings of the board of directors and general meetings held during the year.

**ACKNOWLEDGEMENT**

Your directors wish to thank the customers, stock exchanges, depositories, clearing corporations, bankers and other business partners. The directors also thank the staff for their contribution to the company's operations during the year under review.

On behalf of the Board

Place : Chennai  
Date : May 6,2021

**Sasikala Varadachari**  
*Chairperson*

**DIRECTORS' RESPONSIBILITY STATEMENT**

*(Annexure to the Board's Report)*

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

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
- ii. they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2021 and of the profit of the company for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis; and
- v. they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended 31 March, 2021; and
- vi. proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31 March, 2021.

On behalf of the Board

**Place : Chennai**  
Date : May 6, 2021

**Sasikala Varadachari**  
*Chairperson*

**INDEPENDENT AUDITOR’S REPORT**

To the Members of Cholamandalam Securities Limited

**Report on the Audit of the Ind AS Financial Statements****Opinion**

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

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

**Basis for Opinion**

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

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

The Company’s Board of Directors is responsible for the other information. The other information comprises the board’s report, Annexure to Annual return in Form MGT-7, and directors’ responsibility statement included in the Annual report, but does not include the Ind AS financial statements and our auditor’s report thereon.

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

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

**Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 40 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



# ***S.R. BATLIBOI & ASSOCIATES LLP***

Chartered Accountants

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

## **per Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAACM7675

Place of Signature: Chennai

Date: May 6, 2021

**Annexure 1 referred to in our report of even date**

**Re: Cholamandalam Securities Limited (“the Company”)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant & equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013, and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and services tax, cess and other material statutory dues applicable to it. The provisions relating to wealth tax, customs duty, excise duty, value added tax are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of income tax, service tax, customs duty, excise duty, goods and services tax and cess that have not been deposited on account of any dispute.
- (viii) The Company did not have any outstanding loans or borrowings dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instrument and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him / her as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

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

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAACM7675

Place of Signature: Chennai

Date: May 6, 2021

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

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

To the Members of Cholamandalam Securities Limited,

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

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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

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

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

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

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

**Opinion**

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

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAACM7675

Place of Signature: Chennai

Date: May 6, 2021

**Cholamandalam Securities Limited****Balance Sheet as at March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)***Particulars**

<b>ASSETS</b>	<b>Notes</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
<b>Financial Assets</b>			
Cash and cash equivalents	4	89.44	106.40
Bank Balance other than cash and cash equivalents	5	1,537.33	1,894.35
Trade Receivables	6	3,129.22	600.32
Investments	7	371.37	193.07
Other Financial Assets	8	3,101.29	2,531.04
		<b>8,228.65</b>	<b>5,325.18</b>
<b>Non-Financial Assets</b>			
Current Tax Assets (Net)	9	122.35	121.10
Deferred Tax Assets	10	95.36	168.82
Property, Plant and Equipment	11	39.19	46.56
Intangible Assets	12	110.25	91.78
Other non-financial Assets	13	74.12	71.50
		<b>441.27</b>	<b>499.76</b>
<b>TOTAL ASSETS</b>		<b>8,669.92</b>	<b>5,824.94</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
Trade payables			
i) Dues to Micro and Small Enterprises		-	-
ii) Other Trade payables	14	4,398.68	1,780.17
Borrowings (other than debt securities)	15	-	700.00
Other Financial Liabilities	16	679.14	426.29
		<b>5,077.82</b>	<b>2,906.46</b>
<b>Non-Financial Liabilities</b>			
Provisions	17	122.36	101.24
Other Non-financial Liabilities	18	32.90	46.39
		<b>155.26</b>	<b>147.63</b>
<b>Total Liabilities</b>		<b>5,233.08</b>	<b>3,054.09</b>
<b>Equity</b>			
Equity Share Capital	19	2,250.00	2,250.00
Other Equity	20	1,186.84	520.85
		<b>3,436.84</b>	<b>2,770.85</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,669.92</b>	<b>5,824.94</b>

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**per Aravind K**

Partner

Membership No: 221268

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

Chairperson

DIN - 07132398

**Mahesh Madhukar Waikar**

Director

DIN - 03639127

Place: Chennai

Date: May 06, 2021

**19 Arulselvan D**

Chief Financial Officer

**Balaji H**

Company Secretary

**Cholamandalam Securities Limited****Statement of Profit And Loss for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Revenue from Contract with Customers</b>			
Commission Income	21	2,846.41	2,128.61
Other Operating Revenues	22	85.27	145.80
		<u>2,931.68</u>	<u>2,274.41</u>
Other Income	23	82.66	84.38
<b>Total Income</b>		<b><u>3,014.34</u></b>	<b><u>2,358.79</u></b>
<b>Expenses</b>			
Finance Costs	24	9.47	48.01
Impairment on Financial Instruments	25	28.06	2.11
Employee Benefits Expense	26	1,192.89	1,227.47
Depreciation and Amortisation Expense	27	83.55	63.77
Other Expenses	28	1,016.47	690.44
<b>Total Expense</b>		<b><u>2,330.44</u></b>	<b><u>2,031.80</u></b>
<b>Profit Before Tax</b>		<b><u>683.90</u></b>	<b><u>326.99</u></b>
<b>Tax Expense</b>	29		
- Current Year		195.51	41.74
- Adjustment of Current tax relating to earlier years		-	14.68
- Deferred Tax (Net)		(3.31)	44.46
		<u>192.20</u>	<u>100.88</u>
<b>Profit after tax for the year (I)</b>		<b><u>491.70</u></b>	<b><u>226.11</u></b>
<b>Other Comprehensive Income [OCI] :</b>	30		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(loss) of defined benefit plans		(5.54)	(7.14)
Income tax effect		1.54	1.99
		<u>(4.00)</u>	<u>(5.15)</u>
Net (loss)/gain on FVTOCI equity instruments		178.29	(204.33)
Income tax effect		-	-
		<u>178.29</u>	<u>(204.33)</u>
<b>Other comprehensive income/(loss) for the year, net of tax (II)</b>		<b><u>174.29</u></b>	<b><u>(209.48)</u></b>
<b>Total comprehensive income for the year, net of tax (I + II)</b>		<b><u>665.99</u></b>	<b><u>16.63</u></b>
<b>Earnings per Equity Share of Rs 10 each</b>	39		
Basic ( in Rs )		2.19	1.00
Diluted ( in Rs )		2.19	1.00

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**For and on behalf of the Board of Directors****per Aravind K**

Partner

Membership No: 221268

**Sasikala Varadachari**

Chairperson

DIN - 07132398

**Mahesh Madhukar Waikar**

Director

DIN - 03639127

Place: Chennai

Date: May 06, 2021

**Arulselvan D**

20 Chief Financial Officer

**Balaji H**

Company Secretary

**Cholamandalam Securities Limited**

**Statement of Cash Flows for the year ended March 31, 2021**

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

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>A. Cash Flow from Operating Activities:</b>		
<b>Profit Before Tax</b>	<b>683.90</b>	<b>326.99</b>
Adjustments for :		
Depreciation and Amortisation Expense	83.55	63.77
(Profit) / loss on sale of Property, plant and equipment	(1.80)	0.29
Impairment on financial instruments	28.06	2.11
Interest income on deposits with bank	(49.69)	(61.53)
Finance Costs	9.47	48.01
Dividend Income	(11.06)	(16.26)
<b>Operating Profit before Working Capital/ Other Changes</b>	<b>742.43</b>	<b>363.38</b>
Adjustments for :		
Increase / (Decrease) in Provisions	15.58	(10.28)
Increase / (Decrease) in trade payable and other financial and non - financial liabilities	2,856.95	(312.00)
Decrease / (Increase) in Other financial and non - financial assets including bank balance on client and exchange related accounts	(216.32)	(1,930.23)
Decrease / (Increase) in trade and other receivables	(2,554.63)	2,457.45
<b>Cash Generated from Operations</b>	<b>844.01</b>	<b>568.32</b>
Income tax paid	(118.46)	(54.68)
<b>Net Cash Flow from Operating Activities [A]</b>	<b>725.55</b>	<b>513.64</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Property plant and equipment (including intangibles)	(97.26)	(65.73)
Proceeds from sale of Property, plant and equipment (including intangibles)	1.80	1.36
Investments in Fixed Deposits (net of withdrawals)	-	(6.87)
Interest income on deposits with bank	51.36	59.10
Dividend Received	11.06	16.26
<b>Net Cash flow from/(used in) Investing Activities [B]</b>	<b>(33.04)</b>	<b>4.12</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Short Term Borrowings	1,600.00	17,650.00
Repayment of Short Term Borrowings	(2,300.00)	(18,100.00)
Finance Costs Paid	(9.47)	(48.01)
<b>Net Cash flows used in Financing Activities [C]</b>	<b>(709.47)</b>	<b>(498.01)</b>
<b>Net Increase/ (decrease) in Cash and Cash Equivalents [A+B+C]</b>	<b>(16.96)</b>	<b>19.75</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>106.40</b>	<b>86.65</b>
<b>Cash and Cash Equivalents as at End of the period</b>	<b>89.44</b>	<b>106.40</b>

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: May 06, 2021

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

**Sasikala Varadachari**

Chairperson

DIN - 07132398

**Mahesh Madhukar Waikar**

Director

DIN - 03639127

**Arulselvan D**

Chief Financial Officer

**Balaji H**

Company Secretary



**Cholamandalam Securities Limited****Statement of Changes in Equity for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)***a. Equity Share Capital:**

Equity shares of Rs 10 each issued, subscribed and fully paid

At 31 March 2020

At 31st March 2021

No. of shares	` in Rupees
2,25,00,014	2,250.00
<b>2,25,00,014</b>	<b>2,250.00</b>

**b. Other equity**

Particulars	Reserves and Surplus		Items of OCI	Total Other Equity
	Retained earnings	General Reserve	Equity instruments through other comprehensive income	
<b>As at 1st April 2019</b>	<b>237.01</b>	<b>8.00</b>	<b>259.21</b>	<b>504.22</b>
Profit for the year	226.11	-	-	226.11
Re-measurement gains and (losses) on defined benefit obligations (net)	(5.15)	-	-	(5.15)
Fair Value Gain / (Loss) on FVTOCI Investments	-	-	(204.33)	(204.33)
<b>As at 31st March 2020</b>	<b>457.97</b>	<b>8.00</b>	<b>54.88</b>	<b>520.85</b>
Profit for the year	491.70	-	-	491.70
Fair Value Gain / (Loss) on FVTOCI Investments	-	-	178.29	178.29
Re-measurement gains and (losses) on defined benefit obligations (net)	(4.00)	-	-	(4.00)
<b>As at 31st March 2021</b>	<b>945.67</b>	<b>8.00</b>	<b>233.17</b>	<b>1,186.84</b>

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: May 06, 2021

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

Chairperson

DIN - 07132398

**Mahesh Madhukar Waikar**

Director

DIN - 03639127

**Arulselvan D**

Chief Financial Officer

**Balaji H**

Company Secretary

## 1. Corporate Information

Cholamandalam Securities Limited ("the Company") is a subsidiary of Cholamandalam Investment and Finance Company Limited ("CIFCL"). It is a securities brokerage firm offering stock broking, depository and equity research services to retail, corporate and institutional clients and is also a distributor of financial products like mutual funds, fixed deposits and bonds. The Company is a member of the Bombay and National Stock Exchanges. It is also a depository participant with National Securities Depository Limited and Central Depository Services Limited. The Company is also a corporate agent of IRDAI distributing Life and General Insurance products.

The financial statements were approved for issue in accordance with a resolution of the directors on May 06, 2021.

## 2. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) equity instruments.

The financial statements are presented in INR, which is its functional currency and all values are rounded to the nearest lakhs, except when otherwise indicated.

### 2.1 Presentation of financial statements

The Company presents its balance sheet in order of liquidity and analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 38. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

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

### 2.2 Covid -19 Impact

The Outbreak of Coronavirus (Covid - 19) pandemic globally and in India is causing significance disturbance and slowdown of economic activity. During the nation-wide lockdown imposed by the Government, though all the services across the nation were suspended (except the specified essential services), some establishments including securities market intermediaries could operate and were exempted from the lock-down. As one of the primary business and source of income for the Company is Broking, the Company was able to continue operations under this segment, however on a reduced scale even during the lock-down. With the economy opening up and relaxations allowed by the Government, the Company is actively monitoring the situation and management continues to ensure that all operations and servicing of clients are being conducted as per established norms.

The Company has evaluated the impact of this pandemic on its business operations, assessed the Company's liquidity position for the next one year and evaluated the recoverability and carrying value of its assets including Property, plant and equipment, Intangible assets and MAT credit entitlement as at March 31, 2021. Based on its review, consideration of external and internal information up to the date of approval of these financial statements and current indicators of future economic conditions, relevant to the Company's operations, management has concluded that there are no adjustments required to the Company's financial statements. However, the estimated impact of Covid - 19 may vary from the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

## 3. Significant Accounting Policies

### a) Financial instruments – initial recognition

#### Date of recognition

Financial assets and liabilities, with the exception of borrowings are initially recognized on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. The company recognizes borrowings when funds reach the company.

#### Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL (Fair value through profit and loss), transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss - When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognizes the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

#### Measurement categories of Financial assets and liabilities

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

- Amortized cost, as explained in Note 3b
- FVOCI, as explained in Note 3c

### b) Financial assets and liabilities

The company measures Bank balances, Loans, Trade receivables and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- The details of these conditions are outlined below in Note 3d and 3e.

### c) Equity instruments at FVOCI

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

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognized in profit or loss as dividend income when the right of the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

**d) Business model assessment**

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

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

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

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

**e) SPPI Test**

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

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

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

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

**f) Borrowed funds**

After initial measurement, borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

**g) Trade receivables and Impairment of Financial assets**

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 recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**h) Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The company did not reclassify any of its financial assets or liabilities in 2020-21 and 2019-20.

**i) Financial liabilities**

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

**j) Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

**k) Collateral Valuation**

To mitigate its credit risks on financial assets, the company seeks to use collateral, where possible. The collateral comes in the form of securities. Collateral, unless repossessed, is not recorded on the company's balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a monthly basis.

**l) Cash and cash equivalents**

Cash and cash equivalents includes cash, balance with scheduled banks, deposits held at call with banks and other short-term highly liquid investments including deposits with original maturities of three months or less which are subject to an insignificant risk of change in value. Cash balances held on behalf of clients and stock exchanges as well deposits under lien have been excluded from cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

**m) Property, Plant and Equipment**

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are, as follows:

Block of Asset	Useful life estimated by the management(In years)
Office equipment	5
Furniture and fixtures	5
Vehicles	5
Computers	3
Servers	3

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

The management has estimated, the useful lives of the above class of assets taking into consideration, the usage and replacement policy of such class of assets. Basis the above evaluation, the useful lives of the assets pertaining to the block Furnitures and fixtures, Vehicles and Servers are lower than those indicated in Schedule II to the Companies Act, 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**n) Intangible assets**

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

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

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Assets Category	Useful life estimated by the management(In years)
Membership card of stock exchanges	10
Computer software	3

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

**o) Impairment of Non Financial Assets**

The Company determines whether there is any indication of impairment of the carrying amount of the Company's assets. The recoverable amount of such assets is estimated and if any indication of impairment exists, impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

**p) Recognition of income and expenses****1) Income covered under Ind AS 115**

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

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

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

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

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

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

**(i) Brokerage fee income - point in time**

Revenue from contract with customer is recognised at a point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

**(ii) Commission on Mutual funds/Bonds/Insurance**

Revenue is recognised on accrual basis based on satisfaction of contractual obligations as per the principles of Ind AS 115 duly considering the origination / retention of the customer portfolios and when there is no uncertainty in receiving the same.

**Contract Balances:****Contract assets**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional.

**Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**2) Other Revenue****(i) Interest Income on client overdues**

Interest income is recognised on an effective interest rate basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other operating income" in the Statement of Profit and Loss.

**(ii) Dividend Income**

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

**q) Leases**

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

**Company as a lessee**

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

**a. Right-of-use assets**

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

**b. Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

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

**c. Short-term leases and leases of low-value assets**

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

**r) Retirement and Other Employee Benefits**

**i) Defined Contribution Plans**

**Provident Fund:** Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Employee State Insurance:** The Company contributes to Employees State Insurance Scheme and recognises such contribution as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**Superannuation Fund:** The Company contributes a sum equivalent to 15% of eligible employees' salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India ("LIC"). The Company has no liability for future Superannuation Fund benefits other than its contribution and recognizes such contributions as an expense in the Statement of Profit and Loss in the period when services are rendered by the employees.

**ii) Defined Benefit Plan & Compensated Absences**

Expenditure for defined benefit gratuity plan and long-term accumulated compensated absences is calculated as at the Balance Sheet date in a manner that distributes expenses over the employees' working lives. These commitments are valued at the present value of expected future payments and with consideration for calculated future salary increases.

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on an actuarial valuation as at the Balance Sheet date determined by an independent actuary using the Projected Unit Credit method.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unavailed entitlements that have accumulated at the reporting date.

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 an actuarial valuation using the Projected Unit Credit method at balance sheet date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

**s) Income Taxes**

**i) Current Tax**

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

**ii) Appendix C to IND AS 12- Uncertainty over Income Tax Treatment**

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

- a) Whether an entity considers uncertain tax treatments separately.
- b) The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- c) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- d) How an entity considers changes in facts and circumstances.

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

**iii) Deferred tax**

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:

- i) 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
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

**t) Earnings per Share**

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

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

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

**u) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

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

**v) Provision for Claw Back of Commission Income**

The estimated liability for claw back of commission income is recorded in the period in which the underlying revenue is recognised. These estimates are established using historical information on the nature, frequency and expected average cost of claw back and management estimates regarding possible future incidence. The estimates used for accounting of claw back claims are reviewed periodically and revisions are made as required.

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

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**x) Share Based Payments**

Stock options of the Holding Company ("CIFCL") are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company / CIFCL and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) liability payable to CIFCL, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>Note 4. Cash and cash equivalents</b>		
Balances with banks:		
– On current accounts	89.14	106.10
Cash on hand	0.30	0.30
	<b>89.44</b>	<b>106.40</b>
<b>Note 5. Bank Balance other than cash and cash equivalents</b>		
Bank Balances on client and exchange related accounts	701.69	1,057.04
Fixed deposit with Banks with an original maturity of more than 3 months	835.64	837.31
	<b>1,537.33</b>	<b>1,894.35</b>
<b>Note 6. Trade Receivables</b>		
Secured - Considered good*	3,032.23	552.83
Unsecured - Considered good	98.00	47.97
	3,130.23	600.80
Provision for Impairment on receivables	(1.01)	(0.48)
	3,129.22	600.32
Trade Receivables credit impaired	44.11	16.58
Provision for Impairment on receivables	(44.11)	(16.58)
	-	-
<b>Total Trade receivables</b>		
Considered good	3,130.23	600.80
Trade Receivables credit impaired	44.11	16.58
<b>Total</b>	<b>3,174.34</b>	<b>617.38</b>
Provision for Impairment on receivables	(45.12)	(17.06)
<b>Total trade receivables</b>	<b>3,129.22</b>	<b>600.32</b>

\* The above balance includes amount receivable from related parties amounting to Rs.5.20 lakhs (March 31, 2020: Rs.0.05 lakhs). Also Refer Note 41.

No trade receivable are due from directors or other officers of the company either severally or jointly with any other person.

**Reconciliation of Provision/ Impairment for Receivables**

Opening Balance	(17.06)	(139.83)
Created/Reversed/Write-off during the year**	(28.06)	122.77
Closing Balance	(45.12)	(17.06)

Trade Receivables are interest bearing from the due date at the rate of 18% / 24% based on the outstanding balances every day after the due date. The maximum credit period that is offered to a select set of customers is upto a maximum of 30 days (T+30 days). However, interest on the all overdue receivables is accrued from second day post the date of the transaction (T+2 days) irrespective of the credit period offered to the customers.

\*\*includes a write-off of old receivables for which provision was created in the past, amounting to INR 124.89 lakhs in FY 2019-2020



**Cholamandalam Securities Limited**

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

<b>Note 7. Financial assets - Investments</b>					
<b>Particulars</b>	<b>Nominal Value per unit</b>	<b>Number of shares</b>		<b>In Rupees</b>	
		<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
<b>Investments</b>					
<b>Investments at Fair Value Through Other Comprehensive Income (FVTOCI):</b>					
Equity Shares (Fully Paid)					
65,000 (March 31, 2020 - 65,000 equity shares of Rs. 1 each ) equity shares (Quoted) of Rs. 2 each fully paid up in Bombay Stock Exchange Limited	2	65,000	65,000	371.22	192.92
285,000 (March 31, 2020 - 285,000) equity shares (Unquoted) of Re.1 each fully paid up in Madras Enterprises Limited.	1	2,85,000	2,85,000	0.15	0.15
<b>Total FVTOCI investments</b>				<b>371.37</b>	<b>193.07</b>
<b>Total Investments</b>				<b>371.37</b>	<b>193.07</b>
Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer Note 34 for determination of their fair value.					
(i) Investments in India				371.37	193.07
(ii) Investments outside India				-	-
<b>Total Value of Investments</b>				<b>371.37</b>	<b>193.07</b>

The company received dividends of INR 11.06 Lakhs (2020: INR 16.26 Lakhs) from its FVOCI securities, recorded as dividend income.

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

<b>Particulars</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
<b>Note 8. Other Financial assets</b>		
<b>Other financial assets - amortized cost</b>		
Deposits		
- Stock Exchanges	137.70	137.70
Exchanges and Stock Holding Corporation of India Limited	2,922.35	2,347.77
Unbilled Revenue (Refer Note 42)	41.24	43.57
Others	-	2.00
	<b>3,101.29</b>	<b>2,531.04</b>
<b>Note 9. Current Tax Assets (Net)</b>		
- Advance Income Tax (Net of Provision)	122.35	121.10
	<b>122.35</b>	<b>121.10</b>
<b>Note 10. Deferred tax assets</b>		
Deferred Tax Assets	95.36	168.82
	<b>95.36</b>	<b>168.82</b>
Nature - (Liability)/Asset		
<b>Deferred Tax Asset</b>		
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	22.62	29.83
Provision for Impairment on receivables	12.55	4.74
Provision for Compensated Absences and Gratuity	34.04	28.17
MAT Credit entitlement	26.15	104.45
Others	-	1.63
<b>Total (A)</b>	<b>95.36</b>	<b>168.82</b>
<b>Deferred Tax Liability</b>	-	-
Total (B)	-	-
Net Deferred Tax Asset / (Liability) (A-B)	<b>95.36</b>	<b>168.82</b>
<b>Reconciliation of Deferred tax Asset (Net)</b>		
Opening balance	168.82	238.23
Tax Income/(Expense) during the period recognised in Profit and Loss	3.31	(44.46)
MAT Credit / Utilised	(78.31)	(26.94)
Tax Income/(Expense) during the period recognised in OCI	1.54	1.99
Closing balance	<b>95.36</b>	<b>168.82</b>

**Cholamandalam Securities Limited**

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

**11. Property Plant and Equipment**

Particulars	Plant and Machinery - computer hardware	Office equipment	Furniture and fixtures	Air conditioners	Vehicles	Total
<b>Cost or Valuation</b>						
As at April 1, 2019	90.71	7.70	0.47	1.64	11.47	111.99
Additions during the year	26.81	0.33	-	-	7.50	34.64
Disposal / Write off	10.49	0.16	-	-	6.86	17.51
<b>As at March 31, 2020</b>	<b>107.03</b>	<b>7.87</b>	<b>0.47</b>	<b>1.64</b>	<b>12.11</b>	<b>129.12</b>
Additions during the year	5.55	0.42	-	-	13.59	19.56
Disposal / Write off	-	-	-	-	4.63	4.63
<b>As at March 31, 2021</b>	<b>112.58</b>	<b>8.29</b>	<b>0.47</b>	<b>1.64</b>	<b>21.07</b>	<b>144.05</b>
<b>Accumulated Depreciation</b>						
As at April 1, 2019	54.88	2.93	0.32	0.57	6.78	65.48
Charge for the year	27.29	1.99	0.15	0.18	3.33	32.94
Disposal / Write off	10.49	0.08	-	-	5.29	15.86
<b>As at March 31, 2020</b>	<b>71.68</b>	<b>4.84</b>	<b>0.47</b>	<b>0.75</b>	<b>4.82</b>	<b>82.56</b>
Charge for the year	21.73	1.49	-	0.18	3.53	26.93
Disposal / Write off	-	-	-	-	4.63	4.63
<b>As at March 31, 2021</b>	<b>93.41</b>	<b>6.33</b>	<b>0.47</b>	<b>0.93</b>	<b>3.72</b>	<b>104.86</b>
<b>Net Block</b>						
As at March 31, 2020	35.35	3.03	-	0.89	7.29	46.56
As at March 31, 2021	19.17	1.96	-	0.71	17.35	39.19

**12. Intangible Assets**

Computer software	Bombay Stock Exchange (BSE) Membership Card*	Total
90.42	-	90.42
71.21	-	71.21
-	-	-
<b>161.63</b>	<b>-</b>	<b>161.63</b>
75.09	-	75.09
-	-	-
<b>236.72</b>	<b>-</b>	<b>236.72</b>
39.02	-	39.02
30.83	-	30.83
-	-	-
<b>69.85</b>	<b>-</b>	<b>69.85</b>
56.62	-	56.62
-	-	-
<b>126.47</b>	<b>-</b>	<b>126.47</b>
<b>91.78</b>	<b>-</b>	<b>91.78</b>
<b>110.25</b>	<b>-</b>	<b>110.25</b>

\* Initially acquired in December 2000 and Fair Valued as at July 31, 2005.

**Cholamandalam Securities Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>Note 13. Other non financial assets</b>		
Capital advances	5.22	1.69
Prepaid expenses	63.50	62.81
Other Advances	5.40	7.00
	<u>74.12</u>	<u>71.50</u>
<b>Note 14. Trade Payables</b>		
Dues to Micro, Small & Medium Enterprises ( Refer Note below )	-	-
Dues to clients and stock exchanges	4,398.68	1,780.17
	<u>4398.68</u>	<u>1,780.17</u>
<b>Note:</b>		
As at March 31, 2021 and March 31, 2020 there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed above in this Note 14 have been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>Note 15. Borrowings (other than debt securities)</b>		
<b>Unsecured Borrowings</b>		
From Holding Company		
Inter Corporate Deposit (March 31,2020 5.85%) from related party payable on demand	-	700.00
<b>Total Borrowings</b>	<u>-</u>	<u>700.00</u>
Borrowings in India	-	700.00
Borrowings outside India	-	-
During the current year, the company has borrowed fresh Inter corporate deposit loans amounting to Rs. 1,600 Lakhs (Previous year Rs.17,650 Lakhs) and repaid loans to the tune of Rs.2,300 Lakhs (Previous year -Rs.18,100 Lakhs) taken from Cholamandalam Investment and Finance Company Limited. The loan is intended for general working capital purpose and has been utilised for the same. This unsecured borrowing is repayable on demand.		
<b>Note 16. Other Financial Liabilities</b>		
Salaries, wages and other employee's benefits payable	124.93	94.66
Provisions/other payables ( Refer Note 41)	262.79	89.87
Advances from Sub brokers/Others	280.96	232.89
Advances from Clients	9.04	8.37
Other liabilities		
- Capital creditors	1.42	0.50
<b>Total other financial liabilities at amortised cost</b>	<u>679.14</u>	<u>426.29</u>
<b>Note 17. Provisions</b>		
Provision for Compensated Absences	85.39	74.35
Provision for Gratuity	36.97	26.89
	<u>122.36</u>	<u>101.24</u>
<b>Note 18. Other Non Financial liabilities</b>		
Statutory dues/Remittances	32.90	46.39
	<u>32.90</u>	<u>46.39</u>

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)***Note - 19. Equity Share Capital***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
<b>Authorised Capital</b>		
35,000,000 (March 31, 2020 - 35,000,000) Equity Shares of Rs.10/- each	3,500.00	3,500.00
<b>Issued, Subscribed and Paid-up Capital</b>		
22,500,014 (March 31, 2020 - 22,500,014) Equity Shares of Rs.10/- each	2,250.00	2,250.00
	<b>2,250.00</b>	<b>2,250.00</b>

**a) The Reconciliation of No. of shares is given below:**

	<b>As at 31-Mar-2021</b>		<b>As at 31-Mar-2020</b>	
	<b>No. of Shares</b>	<b>` in Rupees</b>	<b>No. of Shares</b>	<b>` in Rupees</b>
At the beginning of the year	2,25,00,014	2,250.00	2,25,00,014	2,250.00
At the end of the year	<b>2,25,00,014</b>	<b>2,250.00</b>	<b>2,25,00,014</b>	<b>2,250.00</b>

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

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

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

	<b>As at 31-Mar-2021</b>		<b>As at 31-Mar-2020</b>	
	<b>No. of Shares</b>	<b>% against total number of shares</b>	<b>No. of Shares</b>	<b>% against total number of shares</b>
M/s Cholamandalam Investment & Finance Company Limited and its nominees	2,25,00,014	100%	2,25,00,014	100%

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

<b>Particulars</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
<b>Note - 20. Other equity</b>		
General reserve	8.00	8.00
Retained earnings	945.67	457.97
FVTOCI reserve	233.17	54.88
<b>Total other equity</b>	<b>1,186.84</b>	<b>520.85</b>

**Nature and Purpose of reserve****20.1 General Reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilized only in accordance with the specific requirements of Companies Act, 2013.

<b>Particulars</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
Balance at the beginning of the year	8.00	8.00
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>8.00</b>	<b>8.00</b>

**20.2 Retained Earnings**

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

<b>Particulars</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
Balance at the beginning of the year	457.97	237.01
Profit for the period	491.70	226.11
Re-measurement gains and (losses) on defined benefit obligations (net)	(4.00)	(5.15)
<b>Balance at the end of the year</b>	<b>945.67</b>	<b>457.97</b>

**20.3 FVOCI Equity Investments**

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

<b>Particulars</b>	<b>As at 31-Mar-2021</b>	<b>As at 31-Mar-2020</b>
Balance at the beginning of the year	54.88	259.21
Impact of fair valuation of FVTOCI Investments during the year	178.29	(204.33)
<b>Balance at the end of the year</b>	<b>233.17</b>	<b>54.88</b>

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Note 21. Revenue from Contract with Customers</b>		
<b>Sale of Services ( Commission Income)</b>		
Brokerage on stock broking	1,615.39	1,243.95
Depository services	158.12	108.90
Commission - Mutual Funds/Bonds/Insurance	1,072.90	775.76
<b>Sale of Services (A)</b>	<b>2,846.41</b>	<b>2,128.61</b>
<b>Also Refer Note 42</b>		
<b>Note 22. Other Operating Revenue</b>		
- Interest on client overdues	79.62	137.93
- Other operating service Income	5.65	7.87
<b>Other Operating Revenue (B)</b>	<b>85.27</b>	<b>145.80</b>
<b>Total Operating Income (A+B)</b>	<b>2,931.68</b>	<b>2,274.41</b>
<b>Note 23. Other Income</b>		
Dividend income from FVTOCI Investments	11.06	16.26
Profit on sale of Property Plant and Equipment (Net)	1.80	-
Miscellaneous Income	20.11	6.59
Interest Income		
Fixed Deposits with Banks	49.69	61.53
	<b>82.66</b>	<b>84.38</b>
<b>Note 24. Finance Costs</b>		
Interest Expense	0.66	36.87
Other Finance Charges	8.81	11.14
	<b>9.47</b>	<b>48.01</b>
<b>Note 25. Impairment on Financial Instruments</b>		
<i>At Amortised cost</i>		
Trade Receivable	28.06	2.11
	<b>28.06</b>	<b>2.11</b>
<b>Note 26. Employee Benefit Expense</b>		
Salaries, Wages and Bonus	1,089.95	1,077.08
Gratuity Expenses	17.91	18.82
Contribution to Provident and Other Funds	57.27	63.28
Staff Welfare Expenses	24.26	60.22
Share Based employee Payments	3.50	8.07
	<b>1,192.89</b>	<b>1,227.47</b>
<b>Note 27. Depreciation and amortization expense</b>		
Depreciation on Property, Plant and Equipment	26.93	32.94
Depreciation on Intangible Assets	56.62	30.83
	<b>83.55</b>	<b>63.77</b>

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

<b>Particulars</b>	<b>Year Ended 31-Mar-2021</b>	<b>Year Ended 31-Mar-2020</b>
<b>Note 28. Other Expenses</b>		
Electricity	23.03	22.87
Rent (Net of recoveries) ( Refer Note 47)	84.89	66.55
Repairs and maintenance	18.42	20.96
Insurance	49.77	37.28
Rates and Taxes	45.25	25.70
Travelling and Conveyance	35.53	58.00
Printing, Stationery and Communication	40.70	56.00
Auditor's Remuneration (Note a)	9.43	8.13
Directors' Sitting Fees	1.00	0.74
Information Technology Expenses	127.69	124.53
Business development expenses	34.30	27.17
Sub-brokerage	290.39	161.28
Subscription	1.45	6.77
Outsourcing expenses	51.71	41.13
Professional charges	201.83	30.05
Loss on sale of Property Plant and Equipment (Net)	-	0.29
Miscellaneous Expenses	1.08	2.99
	<b>1,016.47</b>	<b>690.44</b>
<b>(a) Auditor's Remuneration</b>		
<b>As Auditor:</b>		
Audit fee	5.52	4.60
Tax audit fee	0.96	0.80
Limited review	2.52	2.10
<b>In other capacity:</b>		
Certification	0.42	0.35
Reimbursement of expenses	0.01	0.28
	<b>9.43</b>	<b>8.13</b>



**Cholamandalam Securities Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Note 29. Income Tax Expense</b>		
The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:		
<b>Profit or loss section</b>		
<b>Current Tax:</b>		
Current income tax charge	195.51	41.74
Adjustments in respect of current income tax of previous year	-	14.68
Deferred Tax (Net)	(3.31)	44.46
<b>Income Tax expense reported in the statement of profit and loss</b>	<b>192.20</b>	<b>100.88</b>
<b>Other Comprehensive Income(OCI) section</b>		
Remeasurement of Defined Benefit obligations	(1.54)	(1.99)
<b>Income Tax charged to Other Comprehensive Income</b>	<b>(1.54)</b>	<b>(1.99)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:</b>		
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (27.82%) as follows:		
<b>Accounting Profit before income tax</b>	<b>683.90</b>	<b>326.99</b>
Profit before income tax multiplied by standard rate of corporate tax in India of 27.82%	190.26	90.97
Dividend Income	-	(4.52)
Others	1.94	(0.25)
Adjustments in respect of current income tax of previous year	-	14.68
<b>Income tax expense reported in the statement of profit and loss</b>	<b>192.20</b>	<b>100.88</b>
Applicable tax rate	27.82%	27.82%
Type of Tax	Normal Rate	Normal Rate

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)***Note 30. Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	FVTOCI reserve	Other items of Other comprehensive income	Total
<b>During the year ended 31 March 2021</b>			
Gain on FVTOCI equity instruments	178.29	-	178.29
Re-measurement Loss on defined benefit plans	-	(4.00)	(4.00)
	<b>178.29</b>	<b>(4.00)</b>	<b>174.29</b>
<b>During the year ended 31 March 2020</b>			
Loss on FVTOCI equity instruments	(204.33)	-	(204.33)
Re-measurement Loss on defined benefit plans	-	(5.15)	(5.15)
	<b>(204.33)</b>	<b>(5.15)</b>	<b>(209.48)</b>

**Note 31. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported 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

**Judgements**

In the process of applying the Company's accounting policies, management has made certain judgements, which have the most significant effect on the amounts recognised in the Financial Statements.

**Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

## **Cholamandalam Securities Limited**

### **Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

#### **Provisions and other contingent liabilities**

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer Summary of significant accounting policies.

#### **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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

#### **Share-based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The company's employees are being issued the shares of the parent company and the related costs in this regard are charged to the Company by the Parent/Holding Company.

#### **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits 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. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for the plans, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 33.

#### **Deferred Tax**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Note 32. Defined Contribution Plans**

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of trustees.

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)***Note 33 - Employee Benefit Expenses****Defined Benefit Plan****a. Gratuity**

Under the Gratuity plan operated by the Company, every employee who has completed at least five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the Balance Sheet.

Particulars		31-Mar-21	31-Mar-20
<b>A.</b>	<b>Change in defined benefit obligation</b>		
1	Defined benefit obligation at beginning of the year	130.92	113.64
2	Service cost	-	-
	a. Current service cost	16.39	15.98
3	Interest expenses	7.39	7.97
4	Cash flows	-	-
	a. Benefits paid	(6.11)	(11.55)
5	Remeasurements	-	-
	a. Effect of changes in financial assumptions	(0.76)	8.76
	b. Effect of experience adjustments	1.11	(3.88)
	<b>Defined benefit obligation at end of the year</b>	<b>148.94</b>	<b>130.92</b>

Particulars		31-Mar-21	31-Mar-20
<b>B.</b>	<b>Change in fair value of plan assets</b>		
1	Fair value of plan assets at beginning of the year	104.03	73.19
2	Interest income	5.87	5.13
3	Cash flows	-	-
	a. Total employer contributions	13.37	39.51
	b. Benefit payments from plan assets	(6.11)	(11.55)
4	Remeasurements	-	-
	a. Return on plan assets, excluding amount recognised in net interest expense	(5.19)	(2.25)
5	Liability transferred on A/c of BTA	-	
	<b>Fair value of plan assets at end of year</b>	<b>111.97</b>	<b>104.03</b>

Particulars		31-Mar-21	31-Mar-20
<b>C.</b>	<b>Amounts recognized in the Balance Sheet</b>		
1	Fair value of plan assets at the end of the year	(111.97)	(104.03)
2	Present value obligation	148.94	130.92
	<b>Net Liability at the end of the year</b>	<b>36.97</b>	<b>26.89</b>

**Cholamandalam Securities Limited**

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars		31-Mar-21	31-Mar-20
<b>D.</b>	<b>Components of defined benefit cost</b>		
1	<b>Service cost</b>		
	a. Current service cost	16.39	15.98
2	<b>Net interest cost</b>		
	a. Interest expense on DBO	7.39	7.97
	b. Less - Interest (income) on plan assets	(5.87)	(5.13)
	c. Total net interest cost	1.52	2.84
3	<b>Remeasurements (recognized in OCI)</b>		
	a. Actuarial (gains)/losses from changes in demographic assumptions	-	0.01
	b. Effect of changes in financial assumptions	(0.76)	8.76
	c. Effect of experience adjustments	1.11	(3.88)
	d. Return on plan assets, excluding amount recognised in net interest expense	5.19	2.25
	e. Total remeasurements included in OCI	5.54	7.14
	<b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<b>23.45</b>	<b>25.96</b>

Particulars		31-Mar-21	31-Mar-20
<b>E.</b>	<b>Significant actuarial assumptions</b>		
1	Discount rate Current Year	5.75%	5.65%
2	Salary increase rate	Uniform 7.50%	Uniform 7.50%
3	Attrition Rate	17.00%	17.00%
4	Retirement Age	58	58

Particulars		31-Mar-21	31-Mar-20
<b>F.</b>	<b>Expected cash flows for following year</b>		
1	Expected employer contributions / Addl. Provision Next Year	53.21	43.75
2	Expected total benefit payments		
	Year 1	23.97	20.53
	Year 2 to Year 5	81.32	71.07
	More than 5 years	101.88	91.70

Particulars		31-Mar-21	31-Mar-20
<b>G.</b>	<b>Defined benefit obligation at end of the year</b>		
	Current Obligation	23.97	20.53
	Non-Current Obligation	124.97	110.39
	<b>Total</b>	<b>148.94</b>	<b>130.92</b>

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

<b>SUMMARY</b>		<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>Assets / Liabilities</b>		
1	Defined benefit obligation at end of the year	148.94	130.92
2	Fair value of plan assets at end of the year	111.97	104.03
3	<b>Net defined benefit liability / (asset)</b>	<b>36.97</b>	<b>26.89</b>
4	Defined benefit cost included in P&L	17.91	18.82
5	Total remeasurements included in OCI	5.54	7.14
6	<b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<b>23.45</b>	<b>25.96</b>

**Provision for Compensated Absences**

The assumption used for computing the provision for accumulated compensated absences on actuarial basis are as follows:

<b>Assumptions</b>		<b>31-Mar-21</b>	<b>31-Mar-20</b>
1	Discount Rate	5.75%	5.65%
2	Future Salary Increase (%)	7.50%	7.50%
3	Attrition Rate	17.00%	17.00%

<b>Sensitivity Analysis - DBO at the end of the year</b>		<b>31-Mar-21</b>	<b>31-Mar-20</b>
a)	Discount rates + 1%	141.71	124.34
b)	Discount rates -1%	156.86	138.15
c)	Future Salary Increases + 1%	155.55	137.06
d)	Future Salary Increases - %	142.71	124.93
e)	Attrition Rates +1%	145.03	126.27
f)	Attrition Rates -1%	155.14	138.29

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years.

**Cholamandalam Securities Limited**

**Notes to financial statements for the year ended March 31, 2021**

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

**Note 34. Fair Values**

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

Particulars	Carrying Value		Fair Value	
	As at 31-Mar-2021	As at 31-Mar-2020	As at 31-Mar-2021	As at 31-Mar-2020
<b>Financial assets</b>				
Investments	371.37	193.07	371.37	193.07
Trade Receivables	3,129.22	600.32	3,129.22	600.32
Cash & Bank balances	89.44	106.40	89.44	106.40
Bank Balance other than cash and cash equivalents	1,537.33	1,894.35	1,537.33	1,894.35
Other Financial Assets	3,101.29	2,531.04	3,101.29	2,531.04
<b>Total</b>	<b>8,228.65</b>	<b>5,325.18</b>	<b>8,228.65</b>	<b>5,325.18</b>
<b>Financial liabilities</b>				
Non-Current Borrowings				
Current Borrowings	-	700.00	-	700.00
Trade Payables	4,398.68	1,780.17	4,398.68	1,780.17
Other Financial Liabilities	679.14	426.29	679.14	426.29
<b>Total</b>	<b>5,077.82</b>	<b>2,906.46</b>	<b>5,077.82</b>	<b>2,906.46</b>

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

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

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

**Note 34.1 - Fair Values Hierarchy**

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

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

Particulars	Fair Value as at		Fair Value Hierarchy	Valuation Techniques & key inputs used
	As at 31-Mar-2021	As at 31-Mar-2020		
Asset measured at fair value:				
- FVTOCI Equity Investments	371.37	193.07	Level 1	Quoted bid price in an active market

**Note:**

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

## **Cholamandalam Securities Limited**

### **Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

#### **Note 35. Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises equity price risk.

#### **Equity Price Risk**

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Further, management ensures that the investments in securities are placed in highly rated / stable securities. The Company's Board of Directors reviews and approves all equity investment decisions.

#### **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

#### **Trade Receivable**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any exposure to major customers are generally covered by advance from customers.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are Companyed into homogenous Company's and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 6. The receivable are generally secured with the securities purchased by the customers through the Company.

#### **Cash and Bank 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 only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a periodic basis. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### **Liquidity Risk**

The Company monitors its risk of a shortage of funds on a daily basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and Inter Corporate funding. The Company has access to a sufficient variety of sources of funding and is generally mitigated through funding from intercorporate loans from parent Company.

#### **Collaterals offered by the Customers**

Collateral can be an important mitigation of credit risk, it is the Company's practice to hold securities of the customers in lien till the settlement of the transaction based on the credit period offered to the customer / lend on the basis of these holdings / customer's ability to meet the obligations out the settlement of the collaterals through settlement in the market.

The Company obtains first and exclusive lien on all the securities which have been executed by the Company on behalf of the customer. These holdings are liquidated by the Company in case of default by the customer in settlement of dues to the Company. Any surplus on the disposal of securities will be settled to the customer



## Note 36. Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

## As at March 31, 2021

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 Years	Total
<b>Financial Assets</b>								
(a) Cash and Bank Balances	89.44	-	-	-	-	-	-	89.44
(b) Bank Balance other than (a) above	771.69	159.39	150.00	456.25	-	-	-	1,537.33
(c) Trade Receivables	3,129.22	-	-	-	-	-	-	3,129.22
(d) Investments	-	-	-	-	-	-	371.37	371.37
(e) Other Financial Assets	2,963.59	-	-	-	-	-	137.70	3,101.29
<b>Total Financial Assets</b>	<b>6,953.94</b>	<b>159.39</b>	<b>150.00</b>	<b>456.25</b>	<b>-</b>	<b>-</b>	<b>509.07</b>	<b>8,228.65</b>
<b>Financial Liabilities</b>								
(a) Trade payables								
i) Dues to Micro and Small Enterprises	-	-	-	-	-	-	-	-
ii) Other Trade payables	4,398.68	-	-	-	-	-	-	4,398.68
(b) Borrowings (other than Debt securities)	-	-	-	-	-	-	-	-
(c) Other Financial Liabilities	284.72	-	113.46	-	280.96	-	-	679.14
<b>Total Financial Liabilities</b>	<b>4,683.40</b>	<b>-</b>	<b>113.46</b>	<b>-</b>	<b>280.96</b>	<b>-</b>	<b>-</b>	<b>5,077.82</b>

## As at March 31, 2020

Particulars	Upto 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 Years	Total
<b>Financial Assets</b>								
(a) Cash and Bank Balances	106.40	-	-	-	-	-	-	106.40
(b) Bank Balance other than (a) above	1,157.04	81.06	150.00	506.25	-	-	-	1,894.35
(c) Trade Receivables	600.32	-	-	-	-	-	-	600.32
(d) Investments	-	-	-	-	-	-	193.07	193.07
(e) Other Financial Assets	2,393.34	-	-	-	-	-	137.70	2,531.04
<b>Total Financial Assets</b>	<b>4,257.10</b>	<b>81.06</b>	<b>150.00</b>	<b>506.25</b>	<b>-</b>	<b>-</b>	<b>330.77</b>	<b>5,325.18</b>
<b>Financial Liabilities</b>								
(a) Trade payables								
i) Dues to Micro and Small Enterprises	-	-	-	-	-	-	-	-
ii) Other Trade payables	1,780.17	-	-	-	-	-	-	1,780.17
(b) Borrowings (other than Debt securities)	700.00	-	-	-	-	-	-	700.00
(c) Other Financial Liabilities	109.71	-	83.69	-	232.89	-	-	426.29
<b>Total Financial Liabilities</b>	<b>2,589.88</b>	<b>-</b>	<b>83.69</b>	<b>-</b>	<b>232.89</b>	<b>-</b>	<b>-</b>	<b>2,906.46</b>

## 37. Standards issued but not yet effective

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

**Cholamandalam Securities Limited**

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

**Note 38. Maturity Analysis of Assets and Liabilities as at March 31, 2021**

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

Particulars	As at 31-Mar-2021		
	Within 12 months	After 12 months	Total
<b>ASSETS</b>			
<b>Financial Assets</b>			
(a) Cash and Bank Balances	89.44	-	89.44
(b) Bank Balance other than (a) above	1,537.33	-	1,537.33
(c) Trade Receivables	3,129.22	-	3,129.22
(d) Investments	-	371.37	371.37
(e) Other Financial Assets	2,963.59	137.70	3,101.29
	<b>7,719.58</b>	<b>509.07</b>	<b>8,228.65</b>
<b>Non-Financial Assets</b>			
(a) Current Tax Assets (Net)	-	122.35	122.35
(b) Deferred Tax Assets	-	95.36	95.36
(c) Property, Plant and Equipment	-	39.19	39.19
(d) Intangible Assets	-	110.25	110.25
(e) Other non-financial Assets	74.12	-	74.12
	<b>74.12</b>	<b>367.15</b>	<b>441.27</b>
<b>TOTAL ASSETS</b>	<b>7,793.70</b>	<b>876.22</b>	<b>8,669.92</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
(a) Trade payables			
i) Dues to Micro and Small Enterprises	-	-	-
ii) Other Trade payables	4,398.68	-	4,398.68
(b) Borrowings	-	-	-
(c) Other Financial Liabilities	398.18	280.96	679.14
	<b>4,796.86</b>	<b>280.96</b>	<b>5,077.82</b>
<b>Non-Financial Liabilities</b>			
(a) Provisions	122.36	-	122.36
(b) Other Non-financial Liabilities	32.90	-	32.90
	<b>155.26</b>	<b>-</b>	<b>155.26</b>
<b>Total Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	-	2,250.00	2,250.00
(b) Other Equity	-	1,186.84	1,186.84
	<b>-</b>	<b>3,436.84</b>	<b>3,436.84</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,952.12</b>	<b>3,717.80</b>	<b>8,669.92</b>

**Cholamandalam Securities Limited**

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

<b>Particulars</b>			
<b>As at 31-Mar-2020</b>			
<b>ASSETS</b>	<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>
<b>Financial Assets</b>			
(a) Cash and Bank Balances	106.40	-	106.40
(b) Bank Balance other than (a) above	1,894.35	-	1,894.35
(c) Trade Receivables	600.32	-	600.32
(d) Investments	-	193.07	193.07
(e) Other Financial Assets	2,393.34	137.70	2,531.04
	<b>4,994.41</b>	<b>330.77</b>	<b>5,325.18</b>
<b>Non-Financial Assets</b>			
(a) Current Tax Assets (Net)	-	121.10	121.10
(b) Deferred Tax Assets	-	168.82	168.82
(c) Property, Plant and Equipment	-	46.56	46.56
(d) Intangible Assets	-	91.78	91.78
(e) Other non-financial Assets	71.50	-	71.50
	<b>71.50</b>	<b>428.26</b>	<b>499.76</b>
<b>TOTAL ASSETS</b>	<b>5,065.91</b>	<b>759.03</b>	<b>5,824.94</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
(a) Trade payables			
i) Dues to Micro and Small Enterprises	-	-	-
ii) Other Trade payables	1,780.17	-	1,780.17
(b) Borrowings (other than Debt securities)	700.00	-	700.00
(c) Other Financial Liabilities	193.40	232.89	426.29
	<b>2,673.57</b>	<b>232.89</b>	<b>2,906.46</b>
<b>Non-Financial Liabilities</b>			
(a) Provisions	101.24	-	101.24
(b) Other Non-financial Liabilities	46.39	-	46.39
	<b>147.63</b>	<b>-</b>	<b>147.63</b>
<b>Total Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	-	2,250.00	2,250.00
(b) Other Equity	-	520.85	520.85
	<b>-</b>	<b>2,770.85</b>	<b>2,770.85</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,821.20</b>	<b>3,003.74</b>	<b>5,824.94</b>

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

**Note 39. Earnings Per Share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

<b>Particulars</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Profit after tax</b>	491.70	226.11
<b>Weighted average number of shares</b>		
- Basic	2,25,00,014	2,25,00,014
- Diluted	2,25,00,014	2,25,00,014
<b>Earning per share of Rs.10 each</b>		
- Basic (in Rs)	2.19	1.00
- Diluted (in Rs)	2.19	1.00

**Cholamandalam Securities Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
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**Note 40. Contingent Liabilities**

**(i) Claims against the Company not acknowledged as debts**

**Service tax matters**

Appeal pertaining to service tax payable on turnover charges and ineligible Service tax Input credit. - 20.56

Order in respect of alleged violations of the provisions of SEBI Act \* - 2.00

(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

\*The company had deposited Rs. 7 lakhs under dispute with SEBI. Subsequent to the closing of financial year 2019 - 2020, the Adjudicating Officer passed an order dated April 30 2020, where final penalty against the company was determined at Rs. 2 lakhs. Subsequent to the Order, the Company has received a refund of Rs. 5 Lakhs along with interest and settled the final penalty of Rs. 2 Lakhs.

Information Technology related 27.74 42.86

**Other Financial Information**

Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements 1,485.00 1,625.00

**Note 41. Disclosure in respect of Related Parties pursuant to Ind AS 24**

**A. Names of related parties and nature of relationship**

**List of Related Parties**

**Ultimate Holding Company**

Entity having significant influence over Ultimate Holding Company

Cholamandalam Financial Holdings Limited  
Ambadi Investments Limited

**Holding Company**

**Fellow Subsidiaries**

Cholamandalam Investment and Finance Company Limited  
(i) Cholamandalam Home Finance Limited  
(ii) Cholamandalam MS General Insurance Company Limited  
(iii) Parry Enterprises India Limited  
(iv) Parry Agro Enterprises India Limited

**Associate of Holding Company**

(i) White Data Systems India Private Limited  
(ii) Vishvakarma Payments Private Limited  
Cholamandalam MS Risk Services Limited

**Joint Venture of Ultimate Holding Company**

**Key Managerial Personnel**

(i) Mariam Mathew, Manager  
(ii) Arulselvan . D, Chief Financial Officer\*  
(iii) Balaji H, Company Secretary  
(iv) Mahesh Madhukar Waikar - Non - Executive Director  
(v) Ravindra Kumar Kundu - Non - Executive Director  
(vi) Sasikala Varadachari - Independent Director

**a. Transactions during the period: -**

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Proceeds from Short-Term Borrowings</b>		
Cholamandalam Investment and Finance Company Limited	1,600.00	17,650.00
<b>Repayment of Short-Term Borrowings</b>		
Cholamandalam Investment and Finance Company Limited	2,300.00	18,100.00
<b>Finance Costs</b>		
Cholamandalam Investment and Finance Company Limited	0.66	36.87

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Rent Expense</b>		
Cholamandalam Investment and Finance Company Limited	84.69	65.60
<b>Income from Services Rendered</b>		
Cholamandalam Investment and Finance Company Limited	13.99	2.50
Cholamandalam Home Finance Limited	0.01	2.64
Cholamandalam MS General Insurance Company Limited	70.14	11.74
Ambadi Investments Limited	0.01	-
Cholamandalam Financial Holdings Limited	0.05	0.15
<b>Expenses / Reimbursement of Administrative Expenses-Payments</b>		
Cholamandalam Investment and Finance Company Limited	102.46	73.15
Cholamandalam MS General Insurance Company Limited	3.43	1.07
Parry Enterprises India Limited	1.60	3.71
<b>ESOP Expenses</b>		
Cholamandalam Investment and Finance Company Limited	3.50	8.07
<b>ESOP Expenses Paid</b>		
Cholamandalam Investment and Finance Company Limited	9.34	33.36
<b>Reimbursement of Administrative Expenses-Receipts</b>		
Cholamandalam Investment and Finance Company Limited	-	12.92
<b>Expenditure towards purchase of Property, Plant and Equipment</b>		
Cholamandalam Investments and Finance Company Limited	1.10	-
<b>Proceeds from sale of car - Ms. Mariam Mathew</b>	1.80	-
<b>b. Balances outstanding at the end of the period</b>		
<b>Trade (Payable)/Receivable</b>		
Cholamandalam Investment and Finance Company Limited	4.84	-
Cholamandalam Investment and Finance Company Limited	(0.28)	(0.77)
Cholamandalam Financial Holdings Limited	-	0.05
Cholamandalam MS General Insurance Company Limited	0.36	-
Parry Enterprises India Limited	(0.50)	-
<b>ESOP Payable</b>		
Cholamandalam Investment and Finance Company Limited	-	(5.84)
<b>Short-term borrowings</b>		
Cholamandalam Investment and Finance Company Limited	-	700.00
<b>C.Key Managerial Personnel</b>		
<b>Sitting Fees Paid</b>		
Ms.Sasikala Varadachari - Independent Director	1.00	0.74
<b>Income from Services Rendered</b>		
Mr.Ravindra Kumar Kundu - Non - Executive Director	0.16	0.07
Ms. Mariam Mathew - Key Managerial Personnel	0.03	-
Mr. D. Arul Selvan - CFO	0.12	-
Mr.Mahesh Madhukar Waikar - Non - Executive Director	0.49	0.19
<b>Managerial Remuneration</b>		
Ms.Mariam Mathew	64.20	61.48
Mr. Balaji H #	-	-

# The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated on a reasonable and consistent basis between the Companies as mutually agreed to.

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

**Cholamandalam Securities Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
*(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Note 42. Revenue from Contracts with customers</b>		
<b>(a) Services</b>		
Brokerage on stock broking	1,615.39	1,243.95
Depository services	158.12	108.90
Commission - Mutual Funds/Bonds/Insurance	1,072.90	775.76
<b>Total Revenue from contracts with customers</b>	<b>2,846.41</b>	<b>2,128.61</b>
Timing of Revenue Recognition:		
Services transferred at a point in time	2,572.17	1,799.29
Services transferred over time	274.24	329.32
<b>Total Revenue from contracts with customers</b>	<b>2,846.41</b>	<b>2,128.61</b>

Note:

(i) All the above revenue has been earned by the Company within India.

(ii) There is no difference between the contracted price and the prices basis which the revenue has been recognised in books and reported in the statement of profit and loss.

**(b) Contract Balances**

Trade Receivables	3,129.22	600.32
Unbilled Revenue	41.24	43.57
<b>Total</b>	<b>3,170.46</b>	<b>643.89</b>

Contract asset relates to our conditional right to consideration for our completed performance under the contract. Trade receivables are recognised when the right to consideration becomes unconditional.

**(c) Information about the Company's performance obligation**

**Brokerage on stock broking** - The performance obligation in with regard to brokerage contracts is satisfied when a trade is executed.. The Company does not have fixed broking fee arrangement with any of its customers.

**Depository Services** - The performance obligation relating to depository services are satisfied when the customer enters into the depository transactions with the Company.

**Commission - Mutual Funds / Bond / Insurance** - The performance obligation in regards of commission from Mutual funds are based on the successful registration of a new customer / product and execution of transactions with the vendors for upfront income and based on the retention of customers as per applicable mutual fund rules for trail income.

The performance obligation relating to Insurance commission are complete only upon issuance of policy and the collection of premium by Insurance Company from policyholders based on type and frequency of premium, after which the Company receives commission as a percentage of the premium collected.

The company has used practical expedient and have not disclosed the amount of remaining performance obligations, since the contracts with customers have duration of less than one year.

**Note 43. Segment Reporting**

The Company's main business is to distribute financial products and services. All other activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments. Customer contributing to 10% or more of revenue has been disclosed below.

Particulars	March 31,2021	March 31,2020
ICICI Prudential Life Insurance Company Limited	588.41	309.64

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)*

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
<b>Note 44: Summary of Financial assets and liabilities which are recognised at amortised cost</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	89.44	106.40
Bank Balance other than cash and cash equivalents	1,537.33	1,894.35
Trade Receivables	3,129.22	600.32
Other Financial Assets	3,101.29	2,531.04
<b>Financial Liabilities</b>		
Trade payables	4,398.68	1,780.17
Borrowings (other than debt securities)	-	700.00
Other Financial Liabilities	679.14	426.29

**Note 45. Capital Management**

The primary objectives of the Company's capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Particulars	March 31,2021	March 31,2020
<b>Borrowings</b>		
-Short term	-	700.00
<b>Total Debt</b>	-	<b>700.00</b>
Equity share capital	2,250.00	2,250.00
Other Equity	1,186.84	520.85
<b>Equity</b>	<b>3,436.84</b>	<b>2,770.85</b>
Debt Equity Ratio	0.00	0.25



**Note 46.-ESOP Disclosure**

**ESOP 2016**

The Board of directors of Cholamandalam Investment and Finance Company Limited ("the Holding Company") at its meeting held on October 7, 2016, approved to create, and grant from time to time, in one or more tranches, not exceeding 31,25,102 Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the company including some of subsidiaries, managing director and whole time director, (other than promoter/promoter group of the company, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company), as may be decided by the board, exercisable into not more than 1,56,25,510 equity shares of face value of Rs.2/- each fully paid-up ( originally issued 31,25,102 equity shares of face value of Rs.10/- each fully paid-up ), on such terms and in such manner as the board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016.

In this regard, the Company has recognised expense amounting to 3.50 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 26). This amount will be paid by the Company to its holding Company in connection with the ESOP plan (Refer Note 26)

The movement in Stock Options during the current year are given below:

**Employee Stock Option Plan 2016**

Particulars	Date of Grant	Options outstanding	Addition in number of options on account of share split *	During the Year 2020-21			Options outstanding	Options vested but not exercised	Options unvested	Exercise Price (in Rs)	Weighted Average Remaining Contractual Life
		As at 31-Mar-2020		Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2021		
GT25JAN2017	25-Jan-17	44,900	-	-	-	-	44,900	44,900	-	1,010.00	-
GT30JAN2018	30-Jan-18	6,480	-	-	-	-	6,480	6,480	-	1,309.70	-
<b>Total</b>		<b>51,380</b>	-	-	-	-	<b>51,380</b>	<b>51,380</b>	-		

The movement in Stock Options during the previous year are given below:

**Employee Stock Option Plan 2016**

Particulars	Date of Grant	Options outstanding	Addition in number of options on account of share split *	During the Year 2019-20			Options outstanding	Options vested but not exercised	Options unvested	Exercise Price (in Rs)	Weighted Average Remaining Contractual Life
		As at 31-Mar-2019		Options Granted	Options Cancelled/ lapsed	Options Exercised and allotted	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2020		
GT25JAN2017	25-Jan-17	8,980	35,920	-	-	-	44,900	31,430	13,470	1,010.00	0.82 years
GT30JAN2018	30-Jan-18	1,296	5,184	-	-	-	6,480	4,050	2,430	1,309.70	0.84 years
<b>Total</b>		<b>10,276</b>	<b>41,104</b>	-	-	-	<b>51,380</b>	<b>35,480</b>	<b>15,900</b>		

The following tables list the inputs to the Black Scholes model used for the plans for the year ended 31st March 2021:

**ESOP 2016**

Date of Grant	Variables					
	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
25-01-2017	6.36% - 6.67%	3.5 - 6.51 years	33.39% - 34.47%	0.54%	1,010.00	401.29
30-01-2018	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	496.82
30-01-2018	7.11% - 7.45%	3.5 - 5.50 years	30.16% - 31.46%	0.42%	1,309.70	531.84

\* Equity shares of Face value of Rs 10/- have been split into face value of Rs 2 per share in pursuant to resolution passed in EGM of the Cholamandalam Investment and Finance Company Limited (Holding Company) on June 17, 2019

**Cholamandalam Securities Limited****Notes to financial statements for the year ended March 31, 2021***(All amounts are in Lakhs of Indian rupees unless otherwise stated)***Note 47. Leases**

Lease rental expenses relating to short term leases aggregated to Rs.84.69 lakhs during the year ended 31-March-2021 (Previous year - Rs. 65.60 lakhs)

**Note 48: Changes in Liabilities arising from Financing activities**

<b>Particulars</b>	<b>31-Mar-20</b>	<b>Cash flows</b>	<b>31-Mar-21</b>
Borrowings other than Debt securities	700.00	(700.00)	-
<b>Total Liabilities from Financing activities</b>	<b>700.00</b>	<b>(700.00)</b>	<b>-</b>

<b>Particulars</b>	<b>31-Mar-19</b>	<b>Cash flows</b>	<b>31-Mar-20</b>
Borrowings other than Debt securities	1,150.00	(450.00)	700.00
<b>Total Liabilities from Financing activities</b>	<b>1,150.00</b>	<b>(450.00)</b>	<b>700.00</b>

**Note 49**

The code on Social Security, 2020 ('the code') relating to employee benefits during employment and post-employment benefits, received presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

**Note 50. Events After Reporting Date**

There have been no events after the reporting date that require disclosure in these financial statements.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

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

**per Aravind K**

Partner

Membership No: 221268

**Sasikala Varadachari**

Chairperson

DIN -07132398

**Mahesh Madhukar Waikar**

Director

DIN - 03639127

Place: Chennai

Date: May 06, 2021

**Arulselvan D**

Chief Financial Officer

**Balaji H**

Company Secretary