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January 27, 2020

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Company symbol: CHOLAFIN

BSE Limited
Department of Corporate Services
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Security code no.: 511243

Sub: Qualified institutions placement of equity shares of face value ₹ 2 each (the "Equity Shares") by Cholamandalam Investment and Finance Company Limited (the "Company") under the provisions of Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), and Sections 42 and 62 of the Companies Act, 2013, as amended, including the rules made thereunder (the "Issue").

Dear Sir/ Madam,

1. We wish to inform you that pursuant to the approval accorded by the board of directors of the Company (the "**Board**"), at its meeting held on December 12, 2019 and the special resolution passed by the members of the Company by way of postal ballot on January 13, 2020, the QIP Committee of the Board (the "**QIP Committee**") has approved, *inter alia,* the following today:

    a. Authorised the opening of the Issue today, i.e. January 27, 2020;

    b. Approved and adopted the preliminary placement document dated January 27, 2020, and the application form in connection with the Issue;

    c. Approved the floor price for the Issue; and

    d. Approved the filing and uploading of the audited standalone and consolidated financial statements of the Company for the six months ended September 30, 2019, together with the auditors report with the stock exchanges and on the website of the Company, respectively.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
CHENNAI 600 001

Cholamandalam Investment and Finance Company Ltd.
Dare House, 2, N.S.C. Bose Road, Parrys, Chennai 600001, India.
Tel : +91 44 40907172 / Fax : +91 44 25346464
Website : www.cholamandalam.com
CIN – L65993TN1978PLC007576

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2. We further wish to inform you that the 'Relevant Date' for the purpose of the Issue, in terms of Regulation 171 of the SEBI ICDR Regulations, is January 27, 2020 and accordingly the floor price in respect of the aforesaid Issue, based on the pricing formula as prescribed under Regulation 176(1) of the SEBI ICDR Regulations is ₹322.59 per Equity Share. Pursuant to Regulation 176(1) of the SEBI ICDR Regulations, the Company may offer a discount of not more than 5% on the floor price so calculated for the Issue.

We request you to take the above on record and the same be treated as compliance under the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Thanking you,

Yours faithfully,
For **Cholamandalam Investment and Finance Company Limited**

CHENNAI
600 001

P. Sujatha
Company Secretary

Cholamandalam Investment and Finance Company Ltd.
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S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6th Floor - "A" Block
Tidel Park, No. 4
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel : +91 44 6117 9000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cholamandalam Investment and Finance Company Limited

Opinion

We have audited the accompanying Interim Standalone Ind AS financial statements of Cholamandalam Investment and Finance Company Limited ("the Company"), which comprise the Interim Standalone Balance Sheet as at September 30, 2019, and the Interim Standalone Statement of Profit and Loss, including other comprehensive income, Interim Standalone Cash Flow Statement and the Interim Standalone Statement of Changes in Equity for the period then ended, and notes to the Interim Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Interim Standalone Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the Interim Standalone Balance Sheet, of the state of affairs of the Company as at September 30, 2019;

(b) in the case of the Interim Standalone Statement of Profit and Loss, its profit including other comprehensive income, for the six-month period ended on that date;

(c) in the case of the Interim Standalone Cash Flow Statement, of the cash flows for the six-month period ended on that date; and

(d) in the case of the Interim Standalone Statement of Changes in Equity, of the changes in equity for the six-month period ended on that date.

Basis for Opinion

We conducted our audit of the Interim Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 opinion on the Interim Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Interim standalone Ind AS Financial Statements for the six-months ended September 30, 2019. These matters were addressed in the context of our audit of the Interim Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Interim Standalone Ind AS Financial Statements section of our report, including in relation to

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of the Interim Standalone Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Interim Standalone Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Interim Standalone Ind AS Financial Statements.

Key audit matters	How our audit addressed the key audit matter
<u>Impairment of Financial Assets based on Expected Credit Loss ('ECL')</u> *(as described in Note 9.1 of the Interim Standalone Ind AS Financial Statements)*	
Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Company based on the principles prescribed under Ind AS 109- Financial Instruments. As explained in Interim Standalone Ind AS Financial Statements, impairment provision based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include: (a) Segmentation of the loan portfolio into homogenous pool of borrowers; (b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired; (c) Determination of the 12 month and life-time probability of default for each of the segments identified; and (d) Loss given default for various exposures based on past trends / experience, management estimates etc., Note 9.1 to the Interim Standalone Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model. As at September 30, 2019, the Company has made a provision for impairment loss aggregating to Rs. 1,00,952 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as an area of significance for our audit.	We gained an understanding of the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition, • We read and assessed the Company's impairment provisioning policy as per Ind AS 109; • Obtained an understanding of the Company's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures; • We assessed the Exposure at Default used in the impairment calculations on a test basis; • Obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults for various homogenous segments and performed test checks; • Obtained an understanding of the basis and methodology adopted by management to determine Loss Given Defaults for various homogenous segments based on past recovery experience, qualitative factors etc., and performed test checks; • Assessed the items of loans and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date; • Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company's IT systems); • Enquired with the management regarding significant judgments and estimates involved in the impairment computation; • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and • Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107.

Key audit matters	How our audit addressed the key audit matter
Audit in an Information Technology (IT) enabled environment – including considerations on exceptions identified in IT environment	
Management places significant emphasis on the information systems, the controls, and process around such information systems and the usage of information from such systems for the purpose of financial reporting. The Company has information technology applications which are used across various class of transactions in its operations including automated and IT dependent manual controls that are embedded in them. Hence, our audit procedures have focus on IT systems and controls in them due the pervasive nature and complexity of the IT environment, operational volume across numerous locations daily and the reliance on automated and IT dependent manual controls.	In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team. Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting: • Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls; • The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system; • Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; • Performed tests of controls (including over compensatory controls / alternate procedures wherever applicable) on the IT Application controls and IT dependent manual controls in the system. • Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.
Pending litigations with tax authorities *(as described in Note 36 of the interim standalone Ind AS Financial Statements)*	

The Company operates in a complex tax environment and is required to discharge direct and indirect tax obligations under various legislations such as Income Tax Act, 1961, the Finance Act, 1994 Goods and Services Tax Acts and VAT Acts of various states.
 	
The tax authorities under these legislations have raised certain tax demands on the Company in respect of the past periods. The Company has disputed such demands and has appealed against them at appropriate forums. As at September 30, 2019 the Company has an amount of Rs. 65,081 Lakhs. involved in various pending tax litigations.
 	
Ind AS 37 requires the Company to perform an assessment of the probability of economic outflow on account of such disputed tax matters and determine whether any particular obligation needs to be
	In assessing the exposure of the Company for the tax litigations, we have performed the following procedures:
	
	• Obtained an understanding of the process laid down by the management for performing their assessment taking into consideration past legal precedents, changes in laws and regulations, expert opinions obtained from external tax / legal experts (as applicable);
	• Assessed the processes and entity level controls established by the Company to ensure completeness of information with respect to tax litigations;
	• Along with our tax experts, we undertook the following procedures:
	
	  ◦ Reading communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management;
	  ◦ Testing the accuracy of disputed amounts from the underlying communications received from tax authorities and responses filed by the Company;

Key audit matters	How our audit addressed the key audit matter
any particular obligation needs to be recorded as a provision in the books of account or to be disclosed as a contingent liability. Considering the significant degree of judgement applied by the management in making such assessments and the resultant impact on the financial statements, we have considered it to be an area of significance for our audit.	• Considered the submissions made to appellate authorities and expert opinions obtained by the Company from external tax / legal experts (wherever applicable) which form the basis for management's assessment; • Assessed the positions taken by the management in the light of the aforesaid information and based on the examination of the matters by our tax experts. • Read the disclosures included in the Interim standalone Ind AS Financial Statements in accordance with Ind AS 37.

Management's Responsibility for the Interim Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these Interim Standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance including other comprehensive income, standalone cash flows and standalone 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. The Board of Directors also responsible for 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; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Interim Standalone Ind AS financial statements, Board of Directors of the Company are responsible for assessing the ability of the Company's 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 of the Company are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the interim standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Interim Standalone Ind AS financial statements, including the disclosures, and whether the Interim Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The comparative financial information for the corresponding six months ended September 30, 2018 included in these Interim Standalone Ind AS financial statements are based on information compiled by the Management and have not been audited.

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

per Subramanian Suresh
Partner
Membership Number: 083673
UDIN: 19083673AAAABR8701
Place of Signature: Chennai
Date: November 5, 2019

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Balance Sheet as at September 30, 2019

₹ in lakhs

	Note No.	As at September 30, 2019	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and Cash Equivalents	5	5,51,965	3,13,893
Bank Balances other than Cash and Cash Equivalents	6	76,311	53,592
Derivative financial instruments	7	13,272	8,869
Receivables	8		
i) Trade Receivables		1,138	441
ii) Other Receivables		4,362	3,908
Loans	9	55,70,061	52,62,227
Investments	10	7,292	7,292
Other Financial Assets	11	29,844	13,512
		62,54,245	**56,63,734**
Non- Financial Assets			
Current tax assets (Net)		21,151	14,639
Deferred tax assets (Net)	12	37,861	45,300
Investment Property	13	47	47
Property, Plant and Equipment	14	26,665	14,253
Intangible assets under development		986	1,310
Other Intangible assets	15	1,907	1,976
Other Non-Financial Assets	16	2,803	1,371
		91,420	**78,896**
TOTAL ASSETS		**63,45,665**	**57,42,630**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	7	1,260	841
Payables			
(I) Trade Payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		19,063	20,742
(II) Other Payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		6,844	12,894
Debt Securities	17	13,28,090	14,18,431
Borrowings(Other than Debt Securities)	18	38,56,945	32,12,375
Subordinated Liabilities	19	4,05,313	4,25,868
Other Financial Liabilities	20	42,417	21,207
		56,59,932	**51,12,358**
Non-Financial Liabilities			
Provisions	21	8,474	7,402
Other Non-Financial Liabilities	22	3,397	5,296
		11,871	**12,698**
Equity			
Equity share capital	23A	15,644	15,643
Other Equity	23B	6,58,218	6,01,931
		6,73,862	**6,17,574**
TOTAL LIABILITIES AND EQUITY		**63,45,665**	**57,42,630**

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Statement of Profit and Loss for the Six months ended September 30, 2019

₹ in lakhs

	Note No.	Six months ended September 30, 2019	Six months ended September 30, 2018
Revenue from Operations			
Interest Income	24A	3,95,217	3,08,162
Net gain on derecognition of financial instruments under amortised cost category	32.1B	13,168	4,288
Fee Income	24B	9,856	8,444
Net gain on Fair value change on financial instruments	24C	706	2,163
Sale of Services	24D	3,697	5,020
Total Revenue from operations (I)		**4,22,644**	**3,28,077**
Other income (II)	25	10	30
Total Income (III) = (I) + (II)		**4,22,654**	**3,28,107**
Expenses			
Finance costs	26	2,26,393	1,65,154
Impairment of Financial Instruments	27	20,468	15,951
Employee benefits expense	28	31,795	27,552
Depreciation and amortisation expense	13, 14 & 15	4,952	2,542
Other expenses	29	38,415	27,078
Total Expenses (IV)		**3,22,023**	**2,38,277**
Profit before tax (V) = (III) - (IV)		**1,00,631**	**89,830**
Tax expense/(benefit)			
- Current tax		28,894	33,713
- Deferred tax	12	9,617	(2,875)
Net tax expense (VI)		38,511	30,838
Profit for the period - A = (V) - (VI)		**62,120**	**58,992**
Other Comprehensive income:			
i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans (net)	33	(386)	(321)
Income tax impact		97	110
ii) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve	39.8	(4,547)	2,864
Income tax impact		2,081	(880)
Other comprehensive income/(loss) net of tax for the period (B)		**(2,755)**	**1,773**
Total comprehensive income net of tax for the period (A + B)		**59,365**	**60,765**
Earnings per equity share of ₹ 2 each	30		
Basic (₹)		7.95	7.55
Diluted (₹)		7.94	7.54

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

M M Murugappan

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Statement of Changes in Equity for the Six months ended September 30, 2019

a) Equity Share Capital

	₹ in lakhs
Balances as on April 1, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	15,643
Add: Issue of share capital	1
Balances as on September 30, 2019	15,644

b)Other Equity (Refer Note 23B)

₹ in lakhs

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share Based Payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Balance as at March 31, 2019	-	**1,06,046**	**4**	**3,300**	**1,66,849**	**2,48,777**	**76,450**	**1,861**	**(129)**	**(1,227)**	**6,01,931**
Profit for the period	-	-	-	-	-	-	62,120	-	-	-	**62,120**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(289)	-	-	-	**(289)**
Total comprehensive income for the period, net of income tax	-	-	-	-	-	-	-	-	-	(2,466)	**(2,466)**
Dividend including DDT		-	-	-	-	-	(3,770)	-	-	-	**(3,770)**
Addition during the period	4	-	-	-	34	-	-	654	-	-	**692**
Balance as at September 30, 2019	**4**	**1,06,046**	**4**	**3,300**	**1,66,883**	**2,48,777**	**1,34,511**	**2,515**	**(129)**	**(3,693)**	**6,58,218**

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share Based Payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Balance as at March 31, 2018	-	**82,046**	**4**	**3,300**	**1,66,679**	**1,88,777**	**54,528**	**1,046**	**(129)**	**(2,077)**	**4,94,174**
Profit for the period	-	-	-	-	-	-	58,992	-	-	-	**58,992**
Remeasurement of defined benefit plans	-	-	-	-	-	-	(211)	-	-	-	**(211)**
Total comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	1,984	**1,984**
Dividend including DDT	-	-	-	-	-	-	(3,770)		-	-	**(3,770)**
Addition during the period	-	-	-	-	120	-	-	321	-	-	**441**
Others	-	-	-	-	-	-	809	-	-	-	**809**
Balance as at September 30, 2018	-	**82,046**	**4**	**3,300**	**1,66,799**	**1,88,777**	**1,10,348**	**1,367**	**(129)**	**(93)**	**5,52,419**

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Standalone Ind AS Cash Flow Statement for the Six months ended September 30, 2019

₹ in lakhs

Particulars	Six months ended September 30, 2019		Six months ended September 30, 2018	
Cash Flow from Operating Activities				
Profit Before Tax		**1,00,631**		**89,830**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	4,952		2,542	
Impairment of financial instruments	20,468		15,951	
Finance Costs	2,26,393		1,65,154	
Loss on Sale of Property plant and equipment (Net)	14		12	
Net gain on fair value change in financial instrument	(706)		(2,163)	
Interest Income on bank deposits	(12,788)		(2,645)	
Share based payment expense	654		311	
		2,38,987		1,79,162
Operating Profit Before Working Capital Changes		3,39,618		2,68,992
Adjustments for :-				
(Increase)/Decrease in operating Assets				
Loans	(5,47,642)		(5,14,753)	
Trade receivables	(1,151)		6,311	
Other Financial Assets	(16,332)		(2,794)	
Other Non Financial Assets	(1,432)	(5,66,557)	(1,677)	(5,12,913)
Proceeds from de-recognition of financial assets recognised at amortised cost		2,19,339		43,969
Increase/(Decrease) in operating liabilities & provisions				
Payables	(8,114)		(2,645)	
Other Financial liabilities	9,050		(2,060)	
Provisions	1,072		304	
Other Non Financial liabilities	(1,064)	944	(84)	(4,485)
Cash Flow used in Operations		(6,656)		(2,04,437)
Finance Costs paid	(2,28,038)		(1,74,014)	
Interest Received on Bank Deposits	8,740		2,260	
		(2,19,298)		(1,71,754)
		(2,25,954)		(3,76,191)
Income tax paid (Net of refunds)		(35,406)		(28,860)
Net Cash Used in Operating Activities (A)		**(2,61,360)**		**(4,05,051)**
Cash Flow from Investing Activities				
Purchase of Property, plant and Equipment and Intangible Assets	(4,073)		(2,552)	
Proceeds from Sale of Property, plant and equipment.	36		52	
Movement of Investment (net)	706		2,163	
Net Cash Used in Investing Activities (B)		**(3,331)**		**(337)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		36		123
Payment of Lease liabilities		(2,185)		
Proceeds from issue of Debt securities	11,60,136		9,53,440	
Redemption of Debt securities	(12,38,104)		(7,34,285)	
Proceeds from Borrowing other than debt securities	19,05,126		14,31,113	
Repayment of Borrowings other than debt securities	(12,77,805)		(8,27,379)	
Proceeds from issue of subordinated liabilities	-		51,500	
Repayment of subordinated liabilities	(22,000)		(17,650)	
		5,27,353		8,56,739
Investment in Bank Fixed Deposits (net of withdrawals)		(18,671)		920
Dividends Paid (Including Distribution Tax)		(3,771)		(3,764)
Net Cash From Financing Activities (C)		**5,02,762**		**8,54,018**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**2,38,071**		**4,48,630**
Cash and Cash Equivalents at the Beginning of the Period		3,13,893		25,379
Cash and Cash Equivalents at the End of the Period		5,51,965		4,74,009

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

M M Murugappan

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

1. Corporate information

Cholamandalam Investment and Finance Company Limited ("the Company") (CIN L65993TN1978PLC007576) is a public limited Company domiciled in India and the equity shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is one of the premier diversified non-banking finance companies in India, engaged in providing vehicle finance, home loans and Loan against property in addition to other lending activities.

The Interim standalone financial statements are presented in INR which is also functional currency of the Company.

2. Basis of preparation of Interim Standalone Ind AS financial statements

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

The Interim Standalone Ind AS financial statements for the six months ended September 30, 2019 have been prepared in accordance with Ind AS 34, "Interim Financial Reporting". The interim standalone Ind AS financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

The standalone financial statements are presented in Indian Rupees (INR) 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. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the financial statements.

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

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

3. Significant accounting policies

3.1 Financial instruments – initial recognition

3.1.1 Date of recognition

Financial assets and liabilities with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Company (as per the terms of the agreement with the borrowers). The Company recognises debt securities and borrowings when funds reach the Company.

3.1.2 Initial measurement of financial instruments

All financial instruments are recognised initially at fair value, including transaction costs that are attributable to the acquisition of financial instrument, except in the case of financial instruments which are FVTPL (Fair value through profit and loss), where the transaction costs are charged to the statement of profit and loss.

3.1.3 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:

- Amortised cost
- FVTPL
- FVOCI

3.2 Financial assets and liabilities

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

The Company Measures *Bank balances, Loans,* and other financial investments at amortised cost if both of the following conditions are met:

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

The details of these conditions are outlined below.

3.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages Company's 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:

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

3.2.1.2 The SPPI test

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

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

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the 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.

3.2.2 Equity instruments

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 Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, 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 (Other Comprehensive Income). Equity instruments at FVOCI are not subject to an impairment assessment.

3.2.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

3.2.4 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

3.3 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, during the period.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets other than due to substantial modification

3.4.1.1 Financial assets

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

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the '), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.
When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

3.4.2 Financial liabilities

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

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in these notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3:

Loans that has been credit-impaired are based on the following, for which it records an allowance for the LTECLs.

a) Contractual payments of either principal or interest are past due for more than 90 days;
b) The loan is considered to be in default by the management.

3.5.2 The calculation of ECLs

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

3.5.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

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 made as temporary adjustments.

3.6 Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the Company from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans, and in certain cases, also exercises its right over property through legal procedures which include seizure of property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Company's accounting policy, repossessed assets are not recorded in the balance sheet, and instead their estimated realisable value is considered in determining the ECL allowance for the related Stage 3 financial assets.

3.7 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 recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.8 Restructured, rescheduled and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Company considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

3.9 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

3.9.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.10 Recognition of interest income

3.10.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

3.10.2 Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan. Interest income on Stage 3 Loans is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

3.11 Taxes

3.11.1 Current tax

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

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

3.11.2 Deferred Tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

3.12 Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3.13 Property, plant and equipment

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

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is similar to those provided under Schedule II , except as indicated below. Land is not depreciated.

Useful life of assets which is same as those prescribed as per Schedule II of the Companies Act, 2013:

Asset description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Other Equipment	5 years
Leasehold improvements	Lease period or 5 years whichever is lower

Useful life of assets based on Management's assessment (supported by technical evaluation):

Asset description	Estimated Useful Life
Furniture and Fixtures*	5 years
Vehicles*	5 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

3.14 Intangible assets

The Company's other intangible assets mainly include the value of computer software.
An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

3.15 Impairment of non–financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Retirement and other employee benefits

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.

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

Superannuation: The 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.

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (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 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

3.17 Share Based Payments

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

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

3.18 Provisions

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

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013 in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.20 Determination of Fair value

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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

- **Level 2 financial instruments**–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments** –Those that include one or more unobservable input that is significant to the measurement as whole.

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

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

3.21 Recognition of Income

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

3.21.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

3.21.2 Fee Income & Sale of Service

a) Fee income from loans are recognised upon satisfaction of following:

i) Completion of service

ii) and realisation of the fee income.

b) Servicing and collections fees on assignment are recognised upon completion of service.

c) Advertising income is recognised over the contract period as and when related services are rendered.

3.22 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.

3.23 Input Tax credit (Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted, and when there is no uncertainty in availing / utilising the same. Company can avail 50% of the input credit as per the applicable regulatory laws and hence it charges off the balance 50% to the respective expenses.

3.24 Foreign Currency transactions

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

3.25 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.

3.26 Segment Information

The accounting policies adopted for Segment reporting are in line with the accounting policies of the Company with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the Segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

3.27 Equity Investment in Subsidiaries and associates

Investment in Subsidiaries and Associates are carried at Cost in the Standalone Financial Statements as permitted under Ind AS 27.

3.28 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments

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

3.29 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.30 Leases

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

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

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

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if the whether it will exercise an extension or a termination option.

ROU asset has been presented under Property, plant and equipment while lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Company are classified as financing cash flows.

3.31 Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. 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.

4. Significant accounting judgements, estimates and assumptions

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

In the process of applying the Company's accounting policies, management has made the following judgements/estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

4.1 De-recognition of Financial instruments

The Company enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Company has been exposed to. Based on this assessment, the Company believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Company hence it has been concluded that securitisation transactions entered by the Company does not qualify de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

4.2 Fair value of financial instruments

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

4.3 Impairment of financial asset

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

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered as a significant accounting estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk so that and so allowances for financial assets should be measured on a LTECL basis and the related qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward-looking information as economic inputs

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4 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.

4.5 Business Model Assessment

The Company from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the Company's business model for managing its financial assets becomes a critical judgment. Refer Note 3.2.1.1 for related details.

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₹ in lakhs

Note : 5 CASH AND CASH EQUIVALENTS

Particulars	As at September 30, 2019	As at March 31, 2019
Cash on hand	4,171	4,996
Balances with banks		
- In Current Accounts	1,11,215	34,911
- In Deposit Accounts - Original maturity of 3 months or less	4,31,611	2,66,662
Cheques, drafts on hand	4,968	7,324
Total	**5,51,965**	**3,13,893**

Note 6 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at September 30, 2019	As at March 31, 2019
- In Deposit Accounts - Original maturity more than 3 months	30,948	1,471
- In earmarked accounts		
- In Unpaid Dividend Accounts	67	68
- Deposits with Banks as collateral towards securitisation loan	45,288	52,045
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**76,311**	**53,592**

Note: 7 Derivative financial instruments

Part I	As at September 30, 2019			As at March 31, 2019		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i)Other derivatives - Cross Currency Interest Rate Swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Cash flow hedging:						
Others - Cross currency interest rate swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**

The Company has a Board approved policy for entering into derivative transactions. Derivative transaction comprises of Currency and Interest Rate Swaps. The Company undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

Note: 8 Receivables (Unsecured)

Particulars	As at September 30, 2019	As at March 31, 2019
(i)Trade Receivables		
Considered Good*	1,138	441
Subtotal (i)	**1,138**	**441**
(ii)Other Receivables		
Considered Good*	4,362	3,908
Subtotal (ii)	**4,362**	**3,908**
Total (i)+(ii)	**5,500**	**4,349**

*Includes dues from related parties, Refer note 35

₹ in lakhs

Note : 9 LOANS
(At amortised cost)

Particulars		As at September 30, 2019	As at March 31, 2019
(A)(i) Bills Discounted		9,720	8,841
(ii) Term loans		56,61,293	53,46,457
	Total (A) Gross	**56,71,013**	**53,55,298**
Less: Impairment Allowance for (i) & (ii)		(1,00,952)	(93,071)
	Total (A) Net	**55,70,061**	**52,62,227**
(B)(i) Secured by tangible assets		56,28,468	53,03,106
(ii) Unsecured		42,545	52,192
	Total (B) - Gross	**56,71,013**	**53,55,298**
Less: Impairment Allowance		(1,00,952)	(93,071)
	Total (B) - Net	**55,70,061**	**52,62,227**

All loans are in India and have been granted to individuals or entities other than public sector

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property.

Term loans includes unsecured short term loans to a subsidiary and associate. These loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created. The details of the same are disclosed below:

Particulars	As at September 30, 2019	As at March 31, 2019
Loan - Outstanding Value		
Cholamandalam Securities Limited	600	1,150
White Data System India Private Limited	340	340
Impairment Allowance		
Cholamandalam Securities Limited	1	1
White Data System India Private Limited	-	-

₹ in lakhs

Note : 9.1 LOANS

An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

	Gross Carrying amount				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Bill discounted								
Opening as on April 1, 2019	5,348	40	3,453	8,841	13	3	3,157	3,173
New assets originated / Increase in existing assets (Net)	6,297	179	-	6,476	46	19	-	65
Exposure de-recognised / matured / repaid	(5,349)	(39)	(209)	(5,597)	(13)	(3)	(165)	(181)
Transfer to Stage 3								-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	54	54
Closing as on September 30, 2019	**6,296**	**180**	**3,244**	**9,720**	**46**	**19**	**3,046**	**3,111**
Term loans								
Opening as on April 1, 2019	49,98,262	2,07,102	1,41,093	53,46,457	24,641	18,832	46,425	89,898
New assets originated / Increase in existing assets (Net)	15,50,509	8,303	1,685	15,60,497	5,345	717	702	6,764
Exposure de-recognised / matured / repaid	(11,42,783)	(69,354)	(24,384)	(12,36,521)	(17,419)	(4,027)	(349)	(21,795)
Transfer to Stage 1	53,139	(48,221)	(4,918)	-	5,589	(4,387)	(1,202)	-
Transfer to Stage 2	(2,03,342)	2,06,195	(2,853)	-	(919)	1,707	(788)	-
Transfer to Stage 3	(31,962)	(34,939)	66,901	-	(142)	(3,410)	3,552	-
Impact on account of exposures transferred during the period between stages	148	668	1,336	2,152	-	13,728	13,047	26,775
Impact of changes on items within the same stage	-	-	3,511	3,511	-	-	1,359	1,359
Write off	(5,069)	(4,412)	(5,322)	(14,803)	(82)	(1,365)	(3,713)	(5,160)
Closing as on September 30, 2019	**52,18,902**	**2,65,342**	**1,77,049**	**56,61,293**	**17,013**	**21,795**	**59,033**	**97,841**
Bills Discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,024)	(780)	(147)	(10,951)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,348**	**40**	**3,453**	**8,841**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,56,838	1,95,115	1,46,120	42,98,073	19,812	20,693	44,396	84,901
New assets originated / Increase in existing assets (Net)	27,37,274	28,031	5,332	27,70,637	8,660	2,848	1,867	13,595
Exposure de-recognised / matured / repaid	(15,26,840)	(1,13,191)	(55,853)	(16,95,884)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
Closing as on March 31, 2019	**49,98,262**	**2,07,102**	**1,41,093**	**53,46,457**	**24,641**	**18,832**	**46,425**	**89,898**

ECL across stages have been computed on collective basis.

₹ in lakhs

Note : 10 INVESTMENTS

Particulars	As at September 30, 2019	As at March 31, 2019
Investment in Equity Instruments*		
a) Subsidiaries at cost		
Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited) 42,400,000 Equity shares of ₹ 10 each fully paid up	4,240	4,240
Cholamandalam Securities Limited 22,500,014 Equity shares of ₹ 10 each fully paid up	2,250	2,250
b) Associate at cost		
White Data System India Private Limited 1,275,917 Equity shares of ₹ 10 each fully paid up (Subsidiary upto September 2018 and Associate from October 2018)	800	800
c) Others - Unquoted - FVOCI **		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up#	-	-
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up#	-	-
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up#	-	-
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	2	2
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each : Cost ₹ 50 only#	-	-
Total	**7,292**	**7,292**

*Investments are made in India
**The Company has designated certain unquoted equity instruments as FVOCI on the basis that these are not held for trading.
represents amount less than Rs 1 lakh.

Note :11 OTHER FINANCIAL ASSET

Particulars	As at September 30, 2019	As at March 31, 2019
Unsecured - considered good		
At amortised cost		
Security deposits	2,359	1,905
Other advances	5,681	2,545
Interest only strip receivable*	21,804	9,062
Total	**29,844**	**13,512**

* :Net of ECL amounting to Rs.1,235 lakhs (March 2019 - Rs 1,000 Lakhs)

Note 12 Deferred Tax

Particulars	As at September 30, 2019	As at March 31, 2019
Deferred Tax Assets		
Impairment allowance for financial instruments	25,536	32,430
Provision for Contingencies and Undrawn commitments	998	1,341
Provision for Compensated Absences and Gratuity	1,135	1,251
Impact of Effective interest rate adjustment on Financial Assets	7,506	9,761
Contract Liability as per IND AS 115	641	995
Depreciation	682	637
Items recognised in OCI	1,553	-
Others	330	367
(A)	**38,381**	**46,782**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	520	856
Items recognised in OCI	-	626
(B)	**520**	**1,482**
Net Deferred Tax Assets (A) - (B)	**37,861**	**45,300**

Particulars	Six months ended September 30, 2019 Income Statement	OCI	Six months ended September 30, 2018 Income Statement	OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	6,894	-	(1,866)	-
Provision for Contingencies and Undrawn commitments	343	-	-	-
Provision for Compensated Absences and Gratuity	116	-	174	-
Impact of Effective interest rate adjustment on Financial Assets	2,255	-	(1,777)	-
Contract Liability as per IND AS 115	354	-	-	-
Depreciation	(45)	-	10	-
Others	36	-	46	-
(A)	**9,953**	**-**	**(3,413)**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	336	-	164	-
Re-measurement gains / (losses) on defined benefit plans (net)		97	-	(110)
Gain on de-recognition of financial assets	-	-	(702)	-
Cashflow Hedge reserve	-	2,081	-	880
(B)	**336**	**2,178**	**(538)**	**770**
Net deferred tax charge / (reversal) (A) - (B)	**9,617**	**(2,178)**	**(2,875)**	**(770)**

The deferred tax charge to the profit and loss account for the six months period ended September 30, 2019 of Rs. 9,617 lakhs includes a remeasurement of the deferred tax assets as at March 31, 2019 at the substantively enacted tax rate pursuant to the Taxation Laws (Amendment) Ordinance 2019 promulgated on September 20, 2019, where the Company has exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute the income tax at the revised rate (25.17%) from the current reporting period. The additional tax expense for the six months ended September 30, 2019 on account of this remeasurement of the deferred tax asset as at March 31, 2019 amounts to Rs. 12,673 lakhs.

Note 13 INVESTMENT PROPERTY ₹ in lakhs

Particulars	
Gross carrying amount as at April 1, 2018	**5**
Additions*	**42**
Disposals	
Gross carrying amount as at March 31, 2019	**47**
Additions	-
Disposals	-
Gross carrying amount as at September 30, 2019	**47**
Accumulated depreciation and impairment	
Balance as at April 1, 2018	-
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	-
Depreciation for the period	-
Depreciation on disposals	-
Balance as at September 30, 2019**	-
Net Carrying amount	
As at March 31, 2019	**47**
As at September 30, 2019	**47**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

The Company's investment property consists of 4 properties and has let out one property as at September 30, 2019.
* Addition represents transfer from Property, plant and equipments.
** represents amount less than Rs 100,000

Income earned and expense incurred in connection with investment property ₹ in lakhs

Particulars	**Six months ended September 30, 2019**	**Six months ended September 30, 2018**
Rental Income	9	14
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generate the rental income	-	-

ii) Contractual obligations
There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements
Certain investment properties are leased out to tenants under cancellable operating lease.

iv) Fair Value	**As at September 30, 2019**	**As at March 31, 2019**
Investment Property (Rs. in Lakhs)	317	287

v) Sensitivity analysis

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair Value (Rs. In Lakhs.)	Sensitivity (Rs. In Lakhs.)
Investment Property As at September 30, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	317	16
Investment Property As at March 31, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	287	14

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 14 - PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below)		Total
							Owned Assets	Right Of Use Assets	
Gross carrying amount as at April 1, 2018	**3,956**	**3,650**	**1,603**	**1,365**	**2,909**	**1,061**	**2,576**	**-**	**17,120**
Additions	-	1,911	531	445	734	583	-		4,204
Disposals	-	89	47	54	122	381	42	-	735
Gross carrying amount as at March 31, 2019	**3,956**	**5,472**	**2,087**	**1,756**	**3,521**	**1,263**	**2,534**	**-**	**20,589**
Additions	-	1,873	384	403	734	343	-	12,948	16,685
Disposals	-	81	36	5	111	112	-	-	345
Gross carrying amount as at September 30, 2019	**3,956**	**7,264**	**2,435**	**2,154**	**4,144**	**1,494**	**2,534**	**12,948**	**36,929**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2018	-	1,235	460	644	696	32	48	-	3,115
Depreciation for the year	-	1,754	452	457	746	321	48	-	3,778
Depreciation on disposals	-	87	37	53	109	271	-		557
Balance as at March 31, 2019	**-**	**2,902**	**875**	**1,048**	**1,333**	**82**	**96**	**-**	**6,336**
Depreciation for the period		986	274	358	476	172	24	1,933	4,223
Depreciation on disposals		81	31	4	107	72		-	295
Balance as at September 30, 2019	**-**	**3,807**	**1,118**	**1,402**	**1,702**	**182**	**120**	**1,933**	**10,264**
Net Carrying amount									
As at March 31, 2019	**3,956**	**2,570**	**1,212**	**708**	**2,188**	**1,181**	**2,438**	**-**	**14,253**
As at September 30, 2019	**3,956**	**3,457**	**1,317**	**752**	**2,442**	**1,312**	**2,414**	**11,015**	**26,665**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation		Straight-line method							

Note

1. Details of Immovable properties of land and buildings (Owned Assets), whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security, has been explained in Note 17.1

2. Disposal in Buildings represents transfer to Investment property.

3. The Company has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.
4. Refer Note 45 for disclosures relating to ROU assets.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 15 INTANGIBLE ASSETS ₹ in lakhs

Particulars	Computer Software
Gross carrying amount as at April 1, 2018	**3,406**
Additions	1,676
Disposals	-
Gross carrying amount as at March 31, 2019	**5,082**
Additions	660
Disposals	-
Gross carrying amount as at September 30, 2019	**5,742**
Accumulated Amortization and impairment	
Balance as at April 1, 2018	**1,336**
Amortization for the year	1,770
Amortization on disposals	-
Balance as at March 31, 2019	**3,106**
Amortization for the period	729
Amortization on disposals	-
Balance as at September 30, 2019	**3,835**
Net Carrying amount	
As at March 31, 2019	**1,976**
As at September 30, 2019	**1,907**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

Note: 16 OTHER NON FINANCIAL ASSETS ₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Prepaid expenses	2,656	1,146
Capital advances	147	225
Total	**2,803**	**1,371**

₹ in lakhs

Note : 17 DEBT SECURITIES (at amortised cost)

Particulars	As at September 30, 2019	As at March 31, 2019
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	7,79,160	10,54,445
Commercial Papers - Unsecured	5,48,930	3,63,986
Total	**13,28,090**	**14,18,431**

All debt securities in India

17.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property which are owned assets of the Company situated at Ahmedabad and Chennai.

(ii) The Company has not defaulted in the repayment of dues to its lenders.

(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 17.2 based on the Contractual terms.

17.2 Details of Debentures - Contractual principal repayment value

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019	Balance as at March 31, 2019	Due date of redemption	Rate of interest %
		₹ in lakhs			
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	15,000	Apr-24	8.62
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	35,230	Sep-21	8.45
1,250	10,00,000	12,500	-	Aug-21	8
2,550	10,00,000	25,500	25,500	Jul-21	9.06
4,010	10,00,000	40,100	20,000	Jun-21	8.49 to 8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.0874
600	10,00,000	6,000	6,000	Feb-21	9.09
1,350	10,00,000	13,500	-	Jan-21	8.11
3,500	10,00,000	35,000	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	48,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.11 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
9,850	10,00,000	98,500	98,500	Feb-20	7.97 to 8.85
5,500	10,00,000	55,000	55,000	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	-	58,500	Sep-19	8.06 to 8.46
2,250	10,00,000	-	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	-	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	-	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	-	67,500	May-19	8.03 to 9.20
1,100	10,00,000	-	11,000	Apr-19	8.00 to 9.20
		6,67,990	**8,81,890**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019	Balance as at March 31, 2019	Due date of redemption	Redemption price ₹	Premium ₹
		₹ in lakhs				
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	11,500	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	-	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	-	800	Jul-19	12,98,729	2,98,729
500	10,00,000	-	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	-	800	Apr-19	13,08,150	3,08,150
250	10,00,000	-	2,500	Apr-19	13,13,730	3,13,730
		67,900	**84,500**			

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Put option

No of Debentures	Face Value ₹	Balance as at September 30, 2019	Balance as at March 31, 2019	Due date of redemption	Put option date	Rate of interest %
		₹ in lakhs				
15	10,00,000	150	150	Mar-21	Feb-20	8.85
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		250	**250**			

₹ in lakhs

Note : 18 BORROWINGS (Other than Debt Securities) at amortised cost

Particulars	As at September 30, 2019	As at March 31, 2019
A)Term Loans		
i)(a)From Banks - Secured		
- Rupee Loans	26,65,869	21,62,592
- Foreign currency Loans	2,06,787	2,00,467
- External Commercial Borrowings	2,25,560	34,629
(b)From Banks - Unsecured		
- Rupee Loans	1,32,500	50,000
ii) From Other Parties - Secured		
- Financial Institutions - Rupee Loans	79,385	93,481
- Securitisation - Rupee Loans	5,27,276	5,49,261
B) Loan repayable on demand - Secured from Banks - Rupee Loans	19,568	1,21,945
	-	
Total	**38,56,945**	**32,12,375**
Borrowings within India	36,31,385	31,77,746
Borrowings Outside India	2,25,560	34,629

18.1 Security

(i) Secured term loans from banks and financial institution are secured by way of specific /*pari passu* charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(ii) Loan repayable on demand is in the nature of Cash Credit from banks and is secured by way of floating charge on assets under hypothecation and other assets.

(iii) The Company has not defaulted in the repayment of dues to its lenders.

(iv) Securitisation rupee loan represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to Deed of Assignment. The Company has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee.

(v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 18.2 based on the Contractual terms.

18.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			September 30, 2019	March 31, 2019
Base Rate / MCLR	< 1year	1	1,25,000	21,000
		2	76,667	-
		3	37,500	12,000
		4	16,250	20,000
	1 - 2 years	1	45,000	60,000
		2	43,334	-
		4	6,250	60,000
	2 - 3 years	1	35,000	40,000
		2	43,334	-
		3	-	15,000
		4	6,250	-
	3 - 4 years	2	29,791	-
		6	-	1,00,000
		16	-	25,000
	4 - 5 years	2	10,000	-
		6	-	80,000
Base Rate/ MCLR + spread (0.05% to 2.75%)	< 1year	1	95,000	52,000
		2	32,500	-
		3	56,250	-
		4	38,750	-
	1 - 2 years	1	7,03,750	3,10,000
		2	36,667	-
		4	3,51,250	50,000
	2 - 3 years	1	1,89,167	5,20,000
		2	59,167	-
		3	18,750	-
		4	1,57,500	1,00,000
		8	-	1,00,000
	3 - 4 years	1	1,12,500	1,00,000
		2	1,00,001	-
		4	57,500	-
		6	12,500	-
	4- 5 years	1	31,665	-
		2	36,667	-
		6	25,000	-
		10	-	1,00,000
		20	-	3,00,000
Rate based on T Bill + Spread	< 1 year	1	39,400	5,000
		3	5,002	-
	1 - 2 years	1	34,400	20,000
		3	-	3,000
		4	25,000	-
		5	-	8,334
	2 - 3 years	1	14.400	-
		4	25,000	-
	3 - 4 years	3	-	28.200
		4	-	-
Fixed Rate	< 1year	1	-	74,000
		4	28,000	-
	1 - 2 years	4	28,000	-
	2 - 3 years	4	16,000	-
		10	-	30,000
	3 - 4 years	2	7,000	-
		16	-	63,000
	4 - 5 years	1	-	-
3Months Repo	2 - 3 years	1	30,000	30,000
Total			**28,41,162**	**23,26,534**
USD 2Y MIBOR + Spread	< 1year	1	4,000	-
	1-2 years	1	-	4,000
USD 3M LIBOR + Spread	1-2 years	5	-	20,000
USD 6M LIBOR + Spread	< 1year	1	1,71,500	1,47,500
		4	16,667	-
	2-3 years	1	1,60,135	34,650
	4 - 5 years	1	64,238	-
Total			**4,16,540**	**2,06,150**

Details of Securitised loan

Rate of Interest	Maturity	Amount outstanding*	
		September 30, 2019	March 31, 2019
	Less than 1 year	1,96,847	1,90,854
Fixed	1-2 year	1,30,379	1,26,195
(6.1% to 8.5%)	2-3 year	56,956	56,971
	3-4 year	14,641	13,886
	4-5 year	6,130	6,506
	more than 5 years	21,065	26,700
Total		**4,26,018**	**4,21,112**
	Less than 1 year	8,054	11,287
Floating	1-2 year	8,591	11,921
Base Rate/ MCLR - spread	2-3 year	9,109	12,280
(0.75% to 2.65%)	3-4 year	9,719	12,060
	4-5 year	10,170	12,319
	more than 5 years	54,473	66,786
Total		**1,00,116**	**1,26,653**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

18.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

Note : 19 SUBORDINATED LIABILITIES (at amortised cost)

Particulars	As at September 30, 2019	As at March 31, 2019
Perpetual Debt - Unsecured	1,48,186	1,44,179
Subordinated Debt - Unsecured	2,57,127	2,81,689
Total	**4,05,313**	**4,25,868**

i) All Subordinated liabilities have been contracted in India.
ii) The Company has not defaulted in the repayment of dues to its lenders.
iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 19.1 based on the Contractual terms.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Notes forming part of the financial statements for the period ended September 30, 2019

19.1 Details of Subordinated Liabilities - Contractual principal repayment value

(i) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019 ₹ in lakhs	Balance as at March 31, 2019 ₹ in lakhs	Due date of redemption	Rate of interest %
3000	10,00,000	30,000	30,000	Aug-28	9.75
5300	10,00,000	53,000	53,000	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	-	7,000	Jun-19	11.40
1,500	10,00,000	-	15,000	May-19	11.70 to 11.75
r					
		2,46,650	**2,68,650**		

(ii) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt -Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019 ₹ in lakhs	Balance as at March 31, 2019 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

(iii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No of Debentures	Face Value ₹	Balance as at September 30, 2019 ₹ in lakhs	Balance as at March 31, 2019 ₹ in lakhs	Maturity Date - Perpetual	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
1120	5,00,000	5,600	5,600	Mar-29	10.83
5000	5,00,000	25,000	25,000	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12.50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,40,670	**1,40,670**		

Company can redeem using Call option on the maturity date with prior approval of RBI.

₹ in lakhs

Note : 20 OTHER FINANCIAL LIABILITIES

Particulars	As at September 30,2019	As at March 31,2019
Unpaid dividend	67	67
Advance from customers	2,200	1,790
Security deposits received	227	221
Collections towards derecognised assets pending remittance	15,283	4,607
Other liabilities	12,480	14,522
Lease liability (Refer note 45)	12,160	-
Total	**42,417**	**21,207**

Note : 21 PROVISIONS

Particulars	As at September 30, 2019	As at March 31, 2019
Provision for Employee Benefits		
- Compensated absences	4,508	3,514
	4,508	**3,514**
Other Provisions		
Provision for contingencies and service tax claims (Refer note 36)	3,838	3,837
Provision for expected credit loss towards undrawn commitments (Refer Note 36)	128	51
	3,966	**3,888**
Total	**8,474**	**7,402**

Note : 22 OTHER NON FINANCIAL LIABILITIES

Particulars	As at September 30, 2019	As at March 31, 2019
Deferred rent	-	834
Income received in advance	2,003	2,303
Statutory liabilities	1,394	2,159
Total	**3,397**	**5,296**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

₹ in lakhs

NOTE 23A : EQUITY SHARE CAPITAL*	As at September 30, 2019		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	1,20,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		74,000
ISSUED				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	78,25,29,275	15,651	15,64,95,867	15,650
		15,651		15,650
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each (March 2019 - ₹10 each) with voting rights	78,18,45,505	15,637	15,63,59,113	15,636
Add : Forfeited Shares	6,54,500	7	1,30,900	7
		15,644		15,643
		15,644		15,643

* During the current period, shares of face value of Rs 10/- have been split into 5 equity shares of face value of Rs 2/- each.

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

₹ in lakhs

Equity Shares	As at September 30, 2019		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
At the beginning of the period/year (₹10/- each)	15,63,59,113	15,636	15,63,31,371	15,633
Additional shares pursuant to share split	62,54,36,452	-	-	-
Issued during the year - Employees Stock Option (ESOP) Scheme	49,940	1	27,742	3
Outstanding at the end of the period/ year - ₹2/- each (PY ₹10/- each)	**78,18,45,505**	**15,637**	**15,63,59,113**	**15,636**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**1,30,900**	**7**

a)Terms/rights attached to Equity shares

The Company has only one class of equity shares having a par value of ₹ 2 (March 2019 -₹10)per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

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

b) Equity Shares held by Holding Company	**As at September 30, 2019**	**As at March 31, 2019**
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited")- Holding Company*	36,35,40,095	7,25,33,019

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

Equity Shares	As at September 30, 2019		As at March 31, 2019	
	Nos.	% holding in the class	Nos.	% holding in the class
Cholamandalam Financial Holdings Limited - Holding Company*	36,35,40,095	46.50	7,25,33,019	46.39

* During the current period, shares of face value of Rs 10/- have been split into 5 equity shares of face value of Rs 2/- each.

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

₹ in lakhs

NOTE 23B: OTHER EQUITY	As at September 30,2019	As at March 31,2019
Statutory Reserve (Refer Note a)		
Balance at the beginning of the period	1,06,046	82,046
Add: Amount transferred from retained earnings	-	24,000
Closing balance at the end of the period	**1,06,046**	**1,06,046**
Capital Reserve (Refer Note b)		
Balance at the beginning of the period	4	4
Add: Changes during the period	-	-
Closing balance at the end of the period	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the period	3,300	3,300
Add: Changes during the period	-	-
Closing balance at the end of the period	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the period	1,66,849	1,66,679
Add: Premium on ESOPs exercised	34	170
Closing balance at the end of the period	**1,66,883**	**1,66,849**
General Reserve (Refer Note e)		
Balance at the beginning of the period	2,48,777	1,88,777
Add: Amount transferred from retained earnings	-	60,000
Closing balance at the end of the period	**2,48,777**	**2,48,777**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the period	1,861	1,046
Addition during the period	654	815
Closing balance at the end of the period	**2,515**	**1,861**
Retained Earnings (Refer Note g)		
Balance at the beginning of the period	76,450	54,528
Profit for the period	62,120	1,18,615
Less:		
Dividend		
Equity - Final	(3,127)	(3,127)
Equity - Interim	-	(7,036)
Distribution tax on Equity Dividend	(643)	(2,089)
Transfer to Statutory Reserve	-	(24,000)
Transfer to General Reserve	-	(60,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(289)	(441)
Closing balance at the end of the period	**1,34,511**	**76,450**
Cash flow hedge reserve (Refer Note h)		
Balance at the beginning of the period	(1,227)	(2,077)
Addition	(2,466)	850
Closing balance at the end of the period	**(3,693)**	**(1,227)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the period	(129)	(129)
Addition	-	-
Closing balance at the end of the period	**(129)**	**(129)**
Share Application Money pending Allotment at the end of the period (Refer Note j)	**4**	-
Total Other Equity	**6,58,218**	**6,01,931**

a) Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit annually as disclosed in the Statement of Profit and Loss account, before any dividend is declared.

During the current period ended September 30, 2019, the Company has not transferred an amount to the reserve created as per these provisions since the Management makes such transfers annually as mentioned above.

b) Capital reserve represents the reserve created on account of amalgamation of Chola Factoring Limited in the year 2013-14.

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

d) Securities premium reserve is used to record the premium on issue of shares. The premium received during the period represents the premium received towards allotment of 49,940 shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the provisions of the Companies Act, 2013.

e) The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

f) Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service.

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

h) Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Company accounting policies.

i) FVOCI Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income.

j) Share application money pending allotment as at September 30, 2019 represents amount received towards 23,250 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

₹ in lakhs

Revenue from Operations	Six months ended September 30, 2019	Six months ended September 30, 2018
Note :24A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
-Bills Discounting	329	634
-Term loans	3,82,100	3,04,883
(b) Bank Deposits		
-Bank Deposits under lien	2,026	2,154
-Other Bank Deposits free of lien	10,762	491
Total (A)	**3,95,217**	**3,08,162**
Note :24B		
(i) Fee Income*		
-Term loans	9,856	8,444
Total (B)	**9,856**	**8,444**
*Services are rendered at a point in time		
Note :24C		
Net gain on fair value changes on FVTPL - Realised		
Income from mutual funds	706	2,163
Total (C)	**706**	**2,163**
Note :24D		
(i)Sale of Services		
(a) Servicing and Collection fee on Assignment	155	119
(b) Other Service Income	3,542	4,901
Total (D)	**3,697**	**5,020**
Note: Timing of revenue recognition		
Services rendered at a point in time	3,397	4,720
Services rendered over a time	300	300
Total	**3,697**	**5,020**

Details related to services rendered over a time

a) Contract balances

Particulars	As at September 30, 2019	As at March 31, 2019
Contract Liabilities	1,941	2,241

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Contract liability at the beginning of the period	2,241	2,847
Revenue Recognised during the period	300	300
Contract liability at the end of the period	1,941	2,547

₹ in lakhs

c) Total Revenue from Customer

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Total Revenue from contracts with Customer*	13,553	13,464

*Represents fee income (note 24B) and sale of services (note 24 D)

d) Due to Company's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.
e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2019)

f) **Performance Obligation:**
- Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee
- Other Service Income: To enable space for advertising at the branches and other related services.

g) There are no significant return / refund / other obligations for any of the above mentioned services.

Note : 25 OTHER INCOME

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Rent	9	14
Miscellaneous Income	1	16
Total	**10**	**30**

Note : 26 FINANCE COST

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Interest on financial liabilities measured at amortised cost		
- Debt securities	57,519	87,164
- Borrowings other than debt securities	1,46,610	60,733
- Subordinated liabilities	21,112	16,577
Others		
- Bank charges	589	680
- Interest on lease liability	563	-
Total	**2,26,393**	**1,65,154**

Note : 27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Loss Assets Written Off (Net) / disposal of re-possessed assets	12,510	10,891
Impairment provision- Loans - measured at amortised cost	7,958	5,060
Total	**20,468**	**15,951**

₹ in lakhs

Note : 28 EMPLOYEE BENEFITS EXPENSES

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Salaries, bonus and commission	28,437	25,116
Contribution to provident and other funds		
-Employees' provident fund	1,359	1,013
-Superannuation fund	152	113
Share based payment Expense	654	311
Gratuity expense (Refer note 33)	367	246
Staff welfare expenses	826	753
Total	**31,795**	**27,552**

Note : 29 OTHER EXPENDITURE

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Rent and facility charges	416	2,586
Rates and taxes	650	257
Energy cost	758	654
Repairs and maintenance	191	129
Communication costs	1,389	1,314
Printing and stationery	639	573
Advertisement and publicity expenses	751	394
Directors fees, allowances and expenses	48	15
Auditors' remuneration	48	9
Legal and professional charges	2,109	1,575
Insurance	786	541
Travelling and conveyance	2,786	2,019
Information technology expenses	1,076	1,319
Loss on sale of property, plant and equipment(Net)	14	12
Recovery charges	13,184	8,669
Corporate social responsibility expenditure	357	734
Outsource cost	12,309	5,904
Miscellaneous expenses	1,001	485
	38,512	27,189
Less : Expenses recovered	(97)	(111)
Total	**38,415**	**27,078**

29.1 Details of CSR expenditure

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,941	2,306
Amount spent during the year		
(a) Construction/ acquisition of asset	-	-
(b) Others	357	734

29.2 Auditors Remuneration

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Statutory Audit	-	-
Interim Audit & Limited Review	5	5
Other Services	34	-
Reimbursement of Expenses(incl. input tax credit expensed)	9	4
Total	**48**	**9**

₹ in lakhs

29.3 Micro, Small & Medium Enterprises

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at September 30, 2019 and as at March 31, 2019.

The relevant particulars are furnished below:

Particulars	As at September 30, 2019	As at March 31, 2019
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-
Total	-	-

29.4 Foreign Currency Payments

a) Expenditure in Foreign Currencies

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Travel	3	13
Membership fees	3	2
Interest on borrowings	1,489	-
License fees	26	21
Professional charges	171	102
Total	**1,692**	**138**

b) Remittances in Foreign Currencies

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Purchase of fixed assets	829	434
Borrowing origination costs	2,711	4
Total	**3,540**	**438**

c) There is no dividend paid in foreign currency

30. Earnings Per Share

Particulars	Period ended September 30, 2019	Period ended September 30, 2018
Profit After Tax (₹ in lakhs)	**62,120**	**58,992**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders(₹ in lakhs)	**62,120**	**58,992**
Weighted Average Number of Equity Shares (Basic)	78,18,13,887	78,17,01,535
Add: Dilutive effect relating to ESOP	8,15,854	986,255
Weighted Average Number of Equity Shares (Diluted)	78,26,29,741	78,26,87,790
Earnings per Share - Basic (₹)	**7.95**	**7.55**
Earnings per Share - Diluted (₹)	**7.94**	**7.54**
Face Value Per Share (₹)	**2.00**	**2.00**

Note:

Earnings per Share calculations are done in accordance with Ind AS 33 "Earnings per Share". Equity shares have been divided into face value of 2 per share in pursuant to resolution passed through a postal ballot for which the results have been recorded on June 17, 2019 and consequently, the number of equity shares for the six month ended September 30, 2018 have been retrospectively adjusted as required by Ind AS 33.

31. Income tax reconciliation

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate
for the period ended September 30, 2019 and September 30, 2018 is, as follows:

₹ in lakhs

Particulars	**Period ended**	
	September 30, 2019	**September 30, 2018**
Accounting profit before tax from continuing operations	1,00,631	89,830
Income tax rate of 25.168% (September 30, 2018: 34.944%)	25,328	31,390
Effects of:		
Impact of difference in tax base for Donations and CSR Expense	169	257
Share based payment expense – No deduction claimed under tax	170	109
Impact of deduction u/s 80 JJA	-	(180)
Other Adjustments	171	(738)
Effect of change in substantively enacted tax rate on Deferred tax (Refer Note 12)	12,673	-
Income tax expense reported in statement of profit and loss	38,511	30,838

32. Transfer of financial assets

32.1 Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

A) Securitisation

The Company has Securitised certain loans, however, the Company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost	5,45,252	5,64,273
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	5,27,276	5,49,261
Fair value of assets	5,38,542	5,87,198
Fair value of associated liabilities	5,30,967	5,50,860
Net position at Fair Value	7,575	36,338

B) Direct bilateral assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Assignment		
Carrying amount of de-recognised financial asset	3,60,058	1,67,117
Carrying amount of Retained Assets at amortised cost	40,169	19,020

₹ in lakhs

Particulars	For the period ended September 30, 2019	For the period ended September 30, 2018
Assignment		
Gain on sale of the de-recognised financial asset	13,168	4,288

32.2 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

33. Retirement Benefit

A) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the period, the Company recognised Rs 1,359 lakhs (Previous period - Rs 1,013 lakhs) to Provident Fund under Defined Contribution Plan, Rs 152 lakhs (Previous period - Rs 113 lakhs) for Contributions to Superannuation Fund and Rs 69 lakhs (Previous period - Rs 127 lakhs) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

The Company's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

Change in Defined Benefit Obligation and Fair value of Plan assets:

₹ in lakhs

Particulars	Period ended September 30, 2019	Year ended March 31, 2019
Defined Benefit Obligation at the beginning of the period	**4,457**	**3,063**
Current Service Cost	332	695
Interest Cost	160	233
Remeasurement Losses/(Gains)		
a. Effect of changes in financial assumptions	193	83
b. Effect of experience adjustments	170	525
Benefits Paid	(86)	(146)
Transfer in/out		4
Defined Benefit Obligation at the end of the period	**5,226**	**4,457**
Change in Fair value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the period	3,481	3,398
Expected Returns on Plan Assets	125	258
Employer's Contribution	47	37
Benefits Paid	(85)	(146)
Return on plan assets (excluding amount recognized in net interest expense)	(23)	(70)
Transfer in/out		4
Fair Value of Plan Assets at the end of the period	**3,545**	**3,481**

Notes forming part of the Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

₹ in lakhs

Particulars	Period ended September 30, 2019	Year ended March 31, 2019
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Period	3,545	3,481
Defined benefit obligation at the End of the Period	5,226	4,456
Amount Recognised in the Balance Sheet under Other Payables	**1,681**	**(975)**
Cost of the Defined Benefit Plan for the period		
Current Service Cost	332	695
Net interest Expense	160	233
Expected Return on Plan Assets	(125)	(258)
Net Cost recognized in the statement of Profit and Loss	**367**	**670**
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	193	83
b) Effect of experience adjustments	170	525
c) Return on plan assets (excluding interest income)	23	70
Net cost recognized in Other Comprehensive Income	**386**	**678**
Assumptions		
Discount Rate	6.70% p.a.	7.30% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a.	13% p.a.
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the subsequent periods: (valued on undiscounted basis)		
Within the next 12 months (next annual reporting period)	582	536
Between 2 and 5 years	2,599	2,234
Between 5 and 10 years	2,467	2,202
Beyond 10 Years	2,981	2,758
Total Expected Cash flows	**8,629**	**7,730**

Sensitivity Analysis:

₹ in lakhs

	September 30, 2019		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate (+/- 1%)	4,910	5,577	4,189	4,754
Salary Growth Rate (+/- 1%)	5,540	4,932	4,725	4,204
Attrition Rate (+/- 50% of attrition rates)	5,079	5,406	4,342	4,574
Mortality Rate (+/- 10% of mortality rates)	5,225	5,225	4,456	4,456

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Company's best estimate of contribution during the next year is ₹ 2,600 lakhs (previous year is Rs. 1,738 Lakhs).
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Assumptions	**September 30, 2019**	**March 31, 2019**
Discount Rate	6.70% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a	13% p.a
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at September 30, 2019.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

34. Segment Information

The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India

During period ended September 30, 2019, for management purposes, the Company has been organised into three operating segments based on products and services, as follows

- Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipments and loan to automobile dealers.
- Home equity - Loans to customer against immovable property
- Other loans - Loans given for acquisition of residential property, loan against shares and other unsecured loans

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on an entity as whole basis and are not allocated to operating segments.

Note 34: Segment Information

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
	Six months ended September 30, 2019				
Revenue from Operations					
Interest Income	3,07,677	58,684	16,023	12,833	**3,95,217**
Net gain on derecognition of financial instruments under amortised cost category	2,918	4,079	6,171	-	**13,168**
Fee Income	8,864	905	88	(1)	**9,856**
- Net gain on Fair value change on financial instrument	-	-	-	706	**706**
Sale of Services	3,259	324	114		**3,697**
- Others					
Segment revenue from Operations (I)	**3,22,718**	**63,992**	**22,396**	**13,538**	**4,22,644**
Other income (II)	-	-	-	10	**10**
Total Segment Income - (I) + (II)	**3,22,718**	**63,992**	**22,396**	**13,548**	**4,22,654**
Expenses					
Finance costs	1,72,689	38,869	8,747	6,088	**2,26,393**
Impairment of Financial Instruments	19,667	(267)	332	736	**20,468**
Employee benefits expense	26,196	3,419	2,068	112	**31,795**
Depreciation and amortisation expense	4,382	434	136	-	**4,952**
Other expenses	33,126	2,734	1,362	1,193	**38,415**
Segment Expenses	**2,56,060**	**45,189**	**12,645**	**8,129**	**3,22,023**
Segment Profit / (loss) before taxation	**66,658**	**18,803**	**9,751**	**5,419**	**1,00,631**
Tax expense					**38,511**
Profit for the period					**62,120**

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
	Six months ended September 30, 2018				
Revenue from Operations					
- Interest Income	2,42,789	52,574	10,140	2,659	**3,08,162**
- Net gain on derecognition of financial instruments under amortised cost category		4,288			**4,288**
- Fee Income	7,473	937	38	(4)	**8,444**
- Net gain on Fair value change on financial instrument	-	-	-	2,163	**2,163**
- Sale of Services	4,578	114		328	**5,020**
Segment revenue from Operations (I)	**2,54,840**	**57,913**	**10,178**	**5,146**	**3,28,077**
- Other income (II)	-	-	-	30	**30**
Total Segment Income - (I) + (II)	**2,54,840**	**57,913**	**10,178**	**5,176**	**3,28,107**
Expenses					
- Finance costs	1,31,731	34,065	5,397	(6,039)	**1,65,154**
- Impairment of Financial Instruments	14,689	(858)	2,120	-	**15,951**
- Employee benefits expense	24,049	2,253	1,146	104	**27,552**
- Depreciation and amortisation expense	2,303	209	30	-	**2,542**
- Other expenses	22,331	2,585	1,100	1,062	**27,078**
Segment Expenses	**1,95,103**	**38,254**	**9,793**	**(4,873)**	**2,38,277**
Segment Profit / (loss) before taxation	**59,737**	**19,659**	**385**	**10,049**	**89,830**
Tax expense					**30,838**
Profit for the period					**58,992**

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Note 34: Segment Information

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on September 30, 2019					
Segment Assets	43,07,127	10,33,054	2,28,938		**55,69,119**
Unallocable Assets				7,76,546	**7,76,546**
Total Assets					**63,45,665**
Segment Liabilities	38,49,742	9,23,351	2,04,627		**49,77,720**
Unallocable Liabilities				6,94,083	**6,94,083**
Total Liabilities					**56,71,803**
As on March 31, 2019					
Segment Assets	40,58,768	9,95,439	2,06,525		**52,60,732**
Unallocable Assets				4,81,898	**4,81,898**
Total Assets					**57,42,630**
Segment Liabilities	36,70,570	9,00,231	1,86,772		**47,57,573**
Unallocable Liabilities				3,67,483	**3,67,483**
Total Liabilities					**51,25,056**

In computing the segment information, certain estimates and assumptions have been made by the management, which have been relied upon.

As the asset are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Company's total revenue in the Current year and Previous year.

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35.Related Party Disclosures

List of Related Parties:

- **Holding Company:** Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding Company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding Company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance company Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk services Limited
- **Subsidiaries**: Cholamandalam Securities Limited, Cholamandalam Home Finance Limited (Formerly known as Cholamandalam Distribution Services Limited,), White Data Systems India Private Limited (upto Sep' 2018)
- **Associate**: White Data Systems India Private Limited (Effective Oct' 2018)
- **Key Managerial Personnel**:
  a) Mr. N Srinivasan, Executive Vice Chairman and Managing Director (upto August 18, 2018);
  b) Mr. Arun Alagappan, Executive Director
  c) Mr. D. Arulselvan, Chief Financial Officer
  d) Ms. P.Sujatha, Company Secretary
- **Non-Executive Directors**
  a) Mr. M B N Rao (upto July 26, 2018)
  b) Mr. V Srinivasa Rangan (upto March 31, 2019)
  c) Ms. Bharati Rao (up to July 30, 2019)
  d) Mr. Ashok Kumar Barat
  e) Mr. M M Murugappan (From May 31, 2018)
  f) Mr. N Ramesh Rajan (From October 30, 2018)
  g) Mr. Rohan Verma (From March 25, 2019)
  h) Ms. Bhama Krishnamurthy (From July 30, 2019)

Note:
Related party relationships are as identified by the Management and relied upon by the Auditors

a) Transactions during the period

₹ in lakhs

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	1,454	1,445
b) Ambadi Investments Limited	135	145
c) Parry enterprises Limited	0*	-
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	42	35
b) Cholamandalam Securities Limited	34	37
c) Cholamandalam Home Finance Limited	1,729	1,432
d) Cholamandalam MS General Insurance company Limited	3	-
e) White Data Systems India Private Limited	-	14
Amount paid towards reimbursement of expenses		
a) Cholamandalam Securities Limited	15	-
b) Cholamandalam Home Finance Limited	10	-
Services Received		
a) Cholamandalam Securities Limited	2	-
b) White Data Systems India Private Limited	14	10
c) Parry enterprises limited	294	387
d) Cholamandalam MS General Insurance Company Limited	42	29
Expense recovered – Rent		
a) Cholamandalam Securities Limited	34	30
b) Cholamandalam MS General Insurance Company Limited	29	27
c) Parry enterprises Limited	0*	-
d) Chola MS Risk services Limited	0*	-
Rental Expense		
a) Cholamandalam Home Finance Limited	28	-
Loans given		
a) Cholamandalam Securities Limited	9650	8,400
b) White Data Systems India Private Limited	-	461
Loans recovered		
a) Cholamandalam Securities Limited	10,200	7,400
b) White Data Systems India Private Limited	-	688

Notes forming part of the Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Interest Income		
a) Cholamandalam Securities Limited	29	13
b) White Data Systems India Private Limited	14	-
Loans availed		
a) Cholamandalam Home Finance Limited	12,650	25,350
Loans repaid		
a) Cholamandalam Home Finance Limited	12,650	25,350
Interest Expense		
a) Cholamandalam Home Finance Limited	51	111
b) Cholamandalam MS General Insurance Company Limited	496	995
Commission and Sitting fees to non-executive Directors	48	37

b)Balances Outstanding at the period end.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Rental Deposit Receivable / (Payable)		
a) Cholamandalam MS General Insurance Limited	(21)	(21)
Loans - Receivable		
a) Cholamandalam Securities Limited	600	1,150
b) White Data Systems India Private Limited	340	340
Debt Securities – Payable		
a) Cholamandalam MS General Insurance Company Limited	(19,838)	(22,249)
Other Receivable / (Payable)		
a) Cholamandalam Financial holdings Limited	0*	-
b) Cholamandalam Securities Limited	50	1
c) Cholamandalam Home Finance Limited	562	282
d) Cholamandalam MS General Insurance Company Limited	8	43
e) White Data Systems India Private Limited	(9)	-
f) Parry Enterprises Limited	0*	-
g) Cholamandalam MS Risk Services	0*	-

*Represents amount less than Rs.1 lakh

c) Key Managerial Personnel

₹ in lakhs

Nature of Transaction	Period ended September 30, 2019	Period ended September 30, 2018
Short- term employee benefits	304	524
Post-employment pension (defined Contribution)	29	54
Dividend Payments	15	15
Share based payments	20	30

36.Contingent Liabilities and Commitments

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Income tax and Interest on Tax issues where the Company has gone on appeal	17,316	17,316
Decided in the Company's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,292	21,292
Sales Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	2,657	5,081
Service Tax issues pending before Appellate Authorities in respect of which the Company is on appeal.	19,978	19,978
Disputed claims against the Company lodged by various parties under litigation (to the extent quantifiable)	8,553	6,741

i) The Company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
ii) It is not practicable for the Company to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
iii) The Company does not expect any reimbursement in respect of the above contingent liabilities.
iv)Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(b)Commitments

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Capital commitments	1,526	1,619
Disbursements – Undrawn lines	83,569	73,345

(c) The Supreme Court has passed judgement on February 28, 2019 that all allowances paid to employees are to be considered for the purposes o PF wages determination. There are numerous interpretative issues relating to the above judgement. As a matter of caution, the Company has complied the same on prospective basis from the date of the SC order.

37. Changes in Provisions

₹ in lakhs

Particulars	As at March 31, 2019	Additional Provision	Utilisation / Reversal	As at September 30, 2019
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Expected Credit Loss towards Undrawn commitments	51	77	-	128

Particulars	As at April 01, 2018	Additional Provision	Utilisation / Reversal	As at March 31, 2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Expected Credit Loss towards Undrawn commitments	12	39	-	51

Undrawn loan commitments are commitments under which the Company is required to provide a loan under pre-sanctioned terms to the customer.

The undrawn commitments provided by the Company are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at September 30, 2019 is ₹ 83,569 lakhs (₹ 73,345 lakhs as at March 31, 2019).

The Company creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at September 30, 2019 is ₹ 128 lakhs (₹ 51 lakhs as at March 31, 2019).

38. Sharing of Costs

The Company shares certain costs / service charges with other companies in the Group. These costs have been allocated between the Companies on a basis mutually agreed between them, which has been relied upon by the Auditors.

39. Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), maintain strong credit rating and healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the Company's capital is monitored by the Board using, among other measures, the regulations issued by RBI.

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.

The Company has complied in full with the capital requirements prescribed by RBI over the reporting period.

39.1 Risk Management

The Company 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 value as well as in identifying oppoROUnities. Risk management is therefore made an integral part of the Company's effective management practice.
Risk Management Framework: The 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.

The Company has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights the movement of top critical risks. This provides the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified Key Risk Indicators and are aligned to the overall Company's risk appetite framework approved by the board. The Company also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The Company identifies and monitors risks periodically. This process enables the Company to reassess the top critical risks in a changing environment that need to be focused on.

Risk Governance structure: The Company's risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the Company directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management. The Company's risk management initiatives and risk MIS are reviewed monthly by the executive director and business heads. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity and foreign currency risk.

39.2 Credit Risk

Credit risk arises when a borrower is unable to meet financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

The Company has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Company has a robust post sanction monitoring process to identify credit portfolio trends and early warning

signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Company's lending is covered by adequate collaterals from the borrowers. The Company has developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business.
The Company also has a well-developed business planning model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

39.3 Market Risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management activities. The Company is exposed to interest rate risk and liquidity risk.

The Company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

39.4 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Company is in retail lending business on pan India basis targeting primarily customers who either do not get credit or sufficient credit from the traditional banking sector. Vehicle Finance (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors, Construction Equipment and Trade advance to Automobile dealers) is lending against security (other than for trade advance) of Vehicle/ Tractor / Equipment and contributes to 74% of the loan book of the Company as of September 30, 2019 (74% as of March 31, 2019). Hypothecation endorsement is made in favour of the Company in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Multi Utility Vehicles, three wheeler and Small Commercial Vehicles, Refinance against existing vehicles, older vehicles (first time buyers), Tractors and Construction Equipment have portfolio share between 3% and 21% as at September 30, 2019 (5% and 22% as of March 31, 2019), leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self-occupied residential property) to self-employed non-professional category of borrowers and contributes to 21% of the lending book of the Company as of September 30, 2019 (21% as of March 31, 2019). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by Company for each product by its region and its sub-segments. Company did not overly depend on few regions or sub-segments as of September 30, 2019.

39.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

39.6 Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Company also has lines of credit that it can access to meet liquidity needs.
Refer Note No 44 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

39.7 Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as Cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate.
The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

39.8 Disclosure of Effects of Hedge Accounting
Cash flow Hedge
As at September 30, 2019

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	7	5	2,44,224	1,56,303	November 07, 2019 to June 03, 2024	(12,012)	16,946	Borrowings and Finance cost

Period ended September 30, 2019

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	(4,547)	-	-	NA

As at March 31, 2019

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	5	1	18,263	3,549	November 07, 2019 to March 18, 2022	8,028	(8,415)	Borrowings and Finance cost

Period ended September 30, 2018

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	2,864	-	-	NA

39.9 Collateral and Other Credit Enhancements

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Company values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Company's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed, which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Company for loan against securities.
The Company does not obtain any other form of credit enhancement other than the above. 99% of the Company's term loan are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019
40-ESOP Disclosure

ESOP 2007

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares (prior to share split) in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines.

ESOP 2016

The Board 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 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 ₹654 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 28).

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

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31-Mar-2019	During the period: Addition in number of options on account of share split*	During the period: Options Granted	During the period: Options Forfeited/ Expired	During the period: Options Exercised and allotted	Options outstanding As at 30-Sep-2019	Options vested but not exercised As at 30-Sep-2019	Options unvested As at 30-Sep-2019	Exercise Price	Weighted Average Remaining Contractual Life
Gt 25 Apr 2008	25-Apr-08	-	-	-	-	-	-	-	-	38	-
GT 27 JAN 2011A	27-Jan-11	9,163	36,652	-	-	-	45,815	45,815	-	38	-
GT 27 JAN 2011B	27-Jan-11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT 30 APR 2011	30-Apr-11	7,948	31,792	-	-	-	39,740	39,740	-	33	-
GT 27 OCT 2011	27-Oct-11	7,936	31,744	-	-	9,920	29,760	29,760	-	31	-
Total		**31,023**	**1,24,092**	-	-	**39,800**	**1,15,315**	**1,15,315**	-		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31-Mar-2019	During the period: Addition in number of options on account of share split*	During the period: Options Granted	During the period: Options Forfeited/ Expired	During the period: Options Exercised and allotted	Options outstanding As at 30-Sep-2019	Options vested but not As at 30-Sep-2019	Options unvested As at 30-Sep-2019	Exercise Price	Weighted Average Remaining Contractual Life
GT25JAN2017	25-Jan-17	4,72,842	18,91,368	-	-	10,140	23,54,070	8,41,950	15,12,120	202	0.82 years
GT30JAN2018	30-Jan-18	49,040	1,96,160	-	-	-	2,45,200	61,300	1,83,900	262	0.84 years
GT30JAN2018A	30-Jan-18	17,960	71,840	-	-	-	89,800	17,960	71,840	262	1.46 years
GT23APR2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.69 years
GT26JUL2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	1.32 years
GT30OCT2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	-	3,67,300	254	1.78 years
GT19MAR2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	-	5,88,460	278	2.17 years
GT30JUL2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	1.33 years
Total		**7,94,946**	**31,79,784**	**31,632**	-	**10,140**	**39,96,222**	**9,98,905**	**29,97,317**		

Note: Includes options (vested and unvested) issued employees of subsidiary as at September 30, 2019 - 11,276 options prior to share split (March 31, 2019 - 11,276 options)

*Equity shares of face value of Rs 10/- have been split into face value of 2 per share in pursuant to resolution passed in EGM on June 17, 2019

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019
40-ESOP Disclosure
The movement in Stock Options during the previous year are given below:
Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31-Mar-2018	During the Year 2018-19 Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	Options outstanding As at 31-Mar-2019	Options vested but not exercised As at 31-Mar-2019	Options unvested As at 31-Mar-2019	Exercise Price	Weighted Average Remaining Contractual Life
Gt 30 Jul 2007	30-Jul-07	-	-	-	-	-	-	-		
Gt 25 Jan 2008	25-Jan-08	-	-	-	-	-	-	-		
Gt 25 Apr 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31-Mar-2018	During the Year 2018-19 Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	Options outstanding As at 31-Mar-2019	Options vested but not exercised As at 31-Mar-2019	Options unvested As at 31-Mar-2019	Exercise Price	Weighted Average Remaining Contractual Life
GT25JAN2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30JAN2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30JAN2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23APR2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26JUL2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30OCT2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19MAR2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

Note: Includes options (vested and unvested) issued employees of subsidiary as at September 30, 2019 - 11,276 options prior to share split (March 31, 2019 - 11,276 options)

The following tables list the inputs to the Black Scholes model used for the plans for the period ended 30th September 2019:

ESOP 2007

Date of Grant	Variables: Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11						
- Tranche I	8%	4 years	59.50%	10%	187.60	94.82
- Tranche II	8%	3.4 years	61.63%	10%	187.60	90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
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40-ESOP Disclosure

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the period ended September 30, 2019 is ₹ Nil (March 31,2019- ₹ Nil)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92%-8.12%
Expected Life	0.12 years- 6.25 years
Expected Volatility	28.28%-63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.(₹)	212.05

ESOP 2016

	Variables					
Date of Grant	**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-Jan-17	6.36% - 6.67%	3.5 -6.51 years	33.39% -34.47%	0.54%	1,010.00	401.29
30-Jan-18	7.11%-7.45%	3.5 - 5.50 years	30.16%-31.46%	0.42%	1,309.70	496.82
30-Jan-18	7.11%-7.45%	3.5 - 5.50 years	30.16%-31.46%	0.42%	1,309.70	531.84
23-Apr-18	7.45%-7.81%	3.51 -6.51 years	30.33%-32.38%	0.42%	1,562.35	646.08
26-Jul-18	7.71%-7.92%	3.51 -5.51 years	30.56%-31.83%	0.43%	1,497.30	586.32
30-Oct-18	7.61%-7.85%	3.51 -6.51 years	32.34%-32.70%	0.51%	1,268.50	531.36
19-Mar-19	6.91% - 7.25%	3.51 -6.51 years	32.19% -32.59%	0.47%	1,390.05	564.13
30-Jul-19	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	248.20	83.66*

* Fair value option of equity shares issued under this grant is post share split with a face value of Rs 2/- each

Note 41

41.1 - Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company 's financial instruments that are not carried at fair value in the balance sheet. This table does not include the fair values of non-financial assets and non-financial liabilities.

₹ in lakhs

	September 30, 2019		March 31, 2019	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
As on March 31, 2019				
Financial Assets				
Cash and Cash Equivalents	5,51,965	5,51,965	3,13,893	3,13,893
Bank balances Other than Cash and Cash Equivalents	76,311	76,311	53,592	53,592
Receivables			-	
i) Trade Receivables	1,138	1,138	441	441
ii) Other Receivables	4,362	4,362	3,908	3,908
Loans	55,70,061	54,58,354	52,62,227	52,44,731
Investments	7,292	7,292	7,292	7,292
Other Financial Assets	29,844	29,844	13,512	13,512
Total Financial Assets	**62,40,973**	**61,29,266**	**56,54,865**	**56,37,369**
Financial Liabilities				
Payables	-			-
i) Trade Payables	19,063	19,063	20,742	20,742
ii) Other Payables	6,844	6,844	12,894	12,894
Debt Securities	13,28,090	13,56,566	14,18,431	14,13,496
Borrowings(Other than Debt Securities)	38,56,945	38,77,150	32,12,375	32,10,512
Subordinated Liabilities	4,05,313	3,62,294	4,25,868	4,28,174
Other Financial Liabilities	42,417	42,417	21,207	21,207
Total Financial Liabilities	**56,58,672**	**56,64,334**	**51,11,517**	**51,07,025**

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities disclosed under level 2 category.

i) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

ii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate

iii) Derivatives are fair valued using observable inputs / rates.

Note 41.2 - Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities
Quantitative disclosure fair value measurement hierarchy of assets as at September 30, 2019

₹ in lakhs

	Fair value measurement using			
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	13,272	-	13,272	-
Assets for which fair values are disclosed				
Loans	55,70,061		54,58,354	
Investment Properties *	47	-	-	317

There have been no transfers between different levels during the period.
* Fair value of investment property is calculated based on valuation given by external independent valuer.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Quantitative disclosure fair value measurement hierarchy of assets as at September 30, 2019 ₹ in lakhs

		Fair value measurement using		
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	1,260	-	1,260	-
Debt Securities	13,28,090		13,56,566	
Borrowings(Other than Debt Securities)	38,56,945		38,77,150	
Subordinated Liabilities	4,05,313		3,62,294	

There have been no transfers between the level 1 and level 2 during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2019 ₹ in lakhs

		Fair value measurement using		
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVOCI Equity Instruments	-	-	-	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Loans	52,62,227		52,44,731	
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.
* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019 ₹ in lakhs

		Fair value measurement using		
	Carrying Value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	
Debt Securities	14,18,431		14,13,496	
Borrowings(Other than Debt Securities)	32,12,375		32,10,512	
Subordinated Liabilities	4,25,868		4,28,174	

There have been no transfers between different levels during the period.

41.3 Summary of Financial assets and liabilities which are recognised at amortised c ₹ in lakhs

Particulars	**As at**	
	September 30, 2019	**March 31, 2019**
Financial Assets		
Cash and Cash Equivalents	5,51,965	3,13,893
Bank balances other than Cash and Cash Equivalents	76,311	53,592
Loans	55,70,061	52,62,227
Other Financial Assets	29,844	13,512
Financial Liabilities		
Debt Securities	13,28,090	14,18,431
Borrowings(Other than Debt Securities)	38,56,945	32,12,375
Subordinated Liabilities	4,05,313	4,25,868
Other Financial liabilities	42,417	21,207

41.4 Refer Note 13 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 42- Maturity Analysis
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

	Amount	Maturity Within 12 months	Maturity After 12 months
As on September 30, 2019			
Financial Assets			
Cash and Cash Equivalents	5,51,965	5,51,965	-
Bank balances Other than Cash and Cash Equivalents	76,311	40,019	36,292
Derivative financial instruments	13,272	12,798	474
Receivables			
i) Trade Receivables	1,138	1,138	-
ii) Other Receivables	4,362	4,362	-
Loans	55,70,061	17,58,284	38,11,777
Investments	7,292	-	7,292
Other Financial Assets	29,844	13,310	16,534
Total Financial Assets	**62,54,245**	**23,81,876**	**38,72,369**
Non- Financial Assets			
Current tax assets (Net)	21,151	-	21,151
Deferred tax assets (Net)	37,861	-	37,861
Investment Property	47	-	47
Property, Plant and Equipment	26,665	-	26,665
Intangible assets under development	986	-	986
Other Intangible assets	1,907	-	1,907
Other Non-Financial Assets	2,803	2,443	360
Total Non- Financial Assets	**91,420**	**2,443**	**88,977**
Financial Liabilities			
Derivative financial instruments	1,260	-	1,260
Payables			
i) Trade Payables	19,063	19,063	-
ii) Other Payables	6,844	6,844	-
Debt Securities	13,28,090	9,42,858	3,85,232
Borrowings(Other than Debt Securities)	38,56,945	9,46,883	29,10,062
Subordinated Liabilities	4,05,313	43,596	3,61,717
Other Financial Liabilities	42,417	34,894	7,523
Total Financial Liabilities	**56,59,932**	**19,94,138**	**36,65,794**
Non-Financial Liabilities			
Provisions	8,474	8,474	-
Other Non-Financial Liabilities	3,397	1,994	1,403
Total Non-Financial Liabilities	**11,871**	**10,468**	**1,403**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 42- Maturity Analysis

₹ in lakhs

	Amount	Maturity Within 12 months	Maturity After 12 months
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	3,13,893	3,13,893	-
Bank balances Other than Cash and Cash Equivalents	53,592	19,682	33,910
Derivative financial instruments	8,869	7,229	1,640
Receivables			
i) Trade Receivables	441	441	-
ii) Other Receivables	3,908	3,908	-
Loans	52,62,227	16,41,911	36,20,316
Investments	7,292	-	7,292
Other Financial Assets	13,512	4,205	9,307
Total Financial Assets	**56,63,734**	**19,91,269**	**36,72,465**
Non- Financial Assets			
Current tax assets (Net)	14,639	-	14,639
Deferred tax assets (Net)	45,300	-	45,300
Investment Property	47	-	47
Property, Plant and Equipment	14,253	-	14,253
Intangible assets under development	1,310	-	1,310
Other Intangible assets	1,976	-	1,976
Other Non-Financial Assets	1,371	1,073	298
Total Non- Financial Assets	**78,896**	**1,073**	**77,823**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables	-		
i) Trade Payables	20,742	20,742	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings(Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,207	21,128	79
Total Financial Liabilities	**51,12,358**	**19,26,024**	**31,86,334**
Non-Financial Liabilities			
Provisions	7,402	7,402	-
Other Non-Financial Liabilities	5,296	3,211	2,085
Total Non-Financial Liabilities	**12,698**	**10,613**	**2,085**

Note 43 - Change in liabilities arising from financing activities

₹ in lakhs

Particulars	April 01, 2019	Cash flows	Exchange Difference	Others	September 30, 2019
Liabilities	50,56,674	5,27,353	8,530	(2,209)	55,90,348

₹ in lakhs

Particulars	April 01, 2018	Cash flows	Exchange Difference	Others	March 31, 2019
Liabilities	38,33,033	12,19,933	13,779	(10,071)	50,56,674

(i) Others column represents the effect of interest accrued but not paid on borrowing, amortisation of processing fees etc
(ii) Liabilities represents of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 44
Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at September 30, 2019 ₹ in lakhs

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
Financial Assets								
Cash and Cash Equivalents	3,49,584	2,04,896	-	-	-	-	-	**5,54,480**
Bank Balances other than Cash and Cash Equivalents	353	2,609	31,445	2,945	28,741	6,906	16,957	**89,956**
Derivative financial instruments	-	8,648		4,150	474	-	-	**13,272**
Receivables								
i) Trade Receivables	1,138	-	-	-	-	-	-	**1,138**
ii) Other Receivables	4,362	-	-	-	-	-	-	**4,362**
Loans	3,98,295	4,23,466	5,90,503	10,99,391	29,51,883	8,82,085	12,30,931	**75,76,554**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	1,717	2,796	2,489	6,667	12,661	3,919	4,960	**35,209**
Total Undiscounted financial assets	**7,55,449**	**6,42,415**	**6,24,437**	**11,13,153**	**29,93,759**	**8,92,910**	**12,60,140**	**82,82,263**
Financial Liabilities								
Derivative financial instruments	-				363	897	-	**1,260**
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	19,063	-	-	-	-	-	-	**19,063**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	6,844	-	-	-	-	-	-	**6,844**
Debt Securities	63,362	4,28,179	3,16,795	1,69,450	3,68,205	72,549	3,140	**14,21,680**
Borrowings(Other than Debt Securities)	1,90,043	3,03,769	2,89,838	4,89,209	25,71,874	6,00,781	1,06,629	**45,52,143**
Subordinated Liabilities	3,380	17,745	10,391	33,357	1,88,973	1,36,681	2,12,801	**6,03,328**
Other Financial Liabilities	30,659	806	1,213	2,447	7,421	1,716	-	**44,262**
Total Undiscounted financial liabilities	**3,13,351**	**7,50,499**	**6,18,237**	**6,94,463**	**31,36,836**	**8,12,624**	**3,22,570**	**66,48,580**
Total net Undiscounted financial assets/(liabilities)	**4,42,098**	**(1,08,084)**	**6,200**	**4,18,690**	**(1,43,077)**	**80,286**	**9,37,570**	**16,33,683**

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CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of Interim Standalone Ind AS financial statements for the six months ended September 30, 2019

Note 44
Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at March 31, 2019 — ₹ in lakhs

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
Financial Assets								
Cash and Cash Equivalents	87,458	2,29,834	-	-	-	-	-	**3,17,292**
Bank Balances other than Cash and Cash Equivalents	370	6,810	3,997	11,702	22,226	2,172	19,394	**66,671**
Derivative financial instruments	-	-	-	7,229	1,640	-	-	**8,869**
Receivables								
i) Trade Receivables	441	-	-	-	-	-	-	**441**
ii) Other Receivables	3,908	-	-	-	-	-	-	**3,908**
Loans	3,48,886	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	**73,23,043**
Investments	-	-	-	-	-	-	7,292	**7,292**
Other Financial Assets	-	1,423	1,006	1,775	5,452	1,051	1,723	**12,430**
Total Undiscounted financial	**4,41,063**	**6,39,362**	**5,60,044**	**10,57,731**	**28,41,063**	**8,96,586**	**13,04,097**	**77,39,946**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	20,742	-	-	-	-	-	-	**20,742**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings(Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,128	-	-	-	58	21	-	**21,207**
Total Undiscounted financial liabilities	**3,67,074**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,719**	**6,16,051**	**3,84,069**	**58,93,152**
Total net Undiscounted financial assets/(liabilities)	**73,989**	**3,17,977**	**17,153**	**70,768**	**1,66,344**	**2,80,535**	**9,20,028**	**18,46,794**

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Note 45: Disclosures in connection with IND AS 116 - Leases

Part A
Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the Standard to all the lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right to use asset was created for an amount equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for the year ended March 31, 2019.

On transition, the adoption of the new standard has resulted in recognition of "lease liability of Rs. 11,904 lakhs and the 'Right of Use' asset of an equivalent amount, which has been discounted at 9% p.a. The effect of this adoption is insignificant on the profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in the cash outflows from financing activities on account of lease payments

The following is the summary of the practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognise right of use assets and liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligations recorded as of March 31, 2019 under Ind AS 17 and the value of lease liability as of April 1, 2019 under Ind AS 116 is primarily on account of cancellable leases.

Part B
Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the period ended September 30, 2019

Particulars - Buildings	Amount (Rs. in lakhs)
Opening Balance	11,905
Depreciation charge for the Period	(1,933)
Additions during the Period	1,877
Adjustment/Deletion	(834)
Closing Balance	**11,015**

(ii) Classification of current and non current liabilities of the lease liabilities as at September 30, 2019

Particulars	Amount (Rs. in lakhs)
Current liabilities	4,637
Non Current Liabilities	7,523
Total Lease liabilities	**12,160**

(iii) Movement in the carrying value of the Lease Liability for the period ended September 30, 2019

Particulars	Amount (Rs. in lakhs)
Opening Balance	11,905
Interest Expense	563
Lease Payments [Total Cash Outflow]	(2,185)
Additions during the year	1,877
Closing Balance	**12,160**

(iv) Contractual Maturities of Lease liability outstanding as at September 30, 2019

Particulars	Amount (Rs. in lakhs)
Less than one year	4,867
One to five Years	9,137
More than Five years	-
Total	**14,004**

Lease expenses relating to short term leases aggregated to Rs.1.23 lakhs during the period ended September 30, 2019.
Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12%.
The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

46. Events after reporting date

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

47. Prior period information

Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation. The figures for the comparative period ended September 30, 2018 are unaudited and prepared by the Management.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 05, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

6th Floor - "A" Block
Tidel Park, No. 4
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel : +91 44 6117 9000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cholamandalam Investment and Finance Company Limited

Opinion

We have audited the accompanying Interim Consolidated Ind AS financial statements of Cholamandalam Investment and Finance Company Limited ("Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the Interim Consolidated Balance Sheet as at September 30, 2019, and the Interim Consolidated Statement of Profit and Loss, including other comprehensive income, Interim Consolidated Cash Flow Statement and the Interim Consolidated Statement of Changes in Equity for the period then ended, and notes to the Interim Consolidated 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 Interim Consolidated Ind AS financial statements give a true and fair view in conformity with the accounting principle generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

(a) in the case of the Interim Consolidated Balance Sheet, of the state of affairs of the Group as at September 30, 2019;

(b) in the case of the Interim Consolidated Statement of Profit and Loss, its profit including other comprehensive income, for the six-month period ended on that date;

(c) in the case of the Interim Consolidated Cash Flow Statement, of the cash flows for the six-month period ended on that date; and

(d) in the case of the Interim Consolidated Statement of Changes in Equity, of the changes in equity for the six-month period ended on that date.

Basis for Opinion

We conducted our audit of the Interim Consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Consolidated Ind AS Financial Statements section of our report. We are independent of the Group 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 financial statements under the provisions of the Companies Act, 2013 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 opinion on the Interim Consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Interim Consolidated Ind AS Financial Statements for the six months ended September 30, 2019. These matters were addressed in the context of our audit of the Interim Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit

Chennai

of the Interim Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Interim Consolidated Ind AS Financial Statements. The results of the audit procedures performed by us including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Interim Consolidated Ind AS Financial Statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment of Financial Assets based on Expected Credit Loss ('ECL')</u> (as described in Note 11.1 of the Interim Consolidated Ind AS Financial Statements)</td></tr>
<tr><td>Estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Group based on the guiding principles prescribed under Ind AS 109- Financial Instruments.

As explained in Interim Consolidated Ind AS Financial Statements, impairment provision based on the expected credit loss model requires the management of the Group to make significant judgments in connection with related computation. These include:
(a) Segmentation of the loan portfolio into homogenous pool of borrowers;
(b) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired;
(c) Determination of the 12 month and life-time probability of default for each of the segments identified; and
(d) Loss given default for various exposures based on past trends / experience, management estimates etc.,

Note 11.1 to the Interim Consolidated Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.

As at September 30, 2019, the Group has made a provision for impairment loss aggregating Rs. 1,00,952 Lakhs against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as an area of significance for our audit.</td><td>We gained an understanding of the Group's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition,

• We read and assessed the Group's impairment provisioning policy as per Ind AS 109;
• Obtained an understanding of the Group's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures;
• We assessed the Exposure at Default used in the impairment calculations on a test basis;
• Obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults for various homogenous segments and performed test checks;
• Obtained an understanding of the basis and methodology adopted by management to determine Loss Given Defaults for various homogenous segments based on past recovery experience, qualitative factors etc., and performed test checks;
• Assessed the items of loans and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date;
• Assessed the data used in the impairment computation (including the data integrity of information extracted from the Company's IT systems);
• Enquired with the management regarding significant judgments and estimates involved in the impairment computation;
• Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; and
Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107.</td></tr>
<tr><td colspan="2">Audit in an Information Technology (IT) enabled environment – including considerations on <u>exceptions identified in IT environment</u></td></tr>
<tr><td>Management places significant emphasis on the information systems and the controls and process around such information systems, the</td><td>In assessing the reliability of electronic data processing, we included specialized IT auditors in our audit team.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
usage of information from such systems for the purpose of financial reporting. The Group has information technology applications which are used across various class of transactions in its operations including the automated and IT dependent manual controls that are embedded in them. Hence, our audit procedures have focus on IT systems and controls in them due the pervasive nature and complexity of the IT environment, operational volume across numerous locations daily and the reliance on automated and IT dependent manual controls.	Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting: • Assessing the information systems and the applications that is available in the Company in two phases: (i) IT General Controls and (ii) Application level embedded controls; • The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Change Management (iii) Other related ITGCs; - to understand the design and the operating effectiveness of such controls in the system; • Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; • Performed tests of controls (including over compensatory controls / alternate procedures wherever applicable) on the IT Application controls and IT dependent manual controls in the system. • Wherever applicable, we also assessed through direct sample tests, the information produced from these systems which were relied upon for our audit.
Pending litigations with tax authorities *(as described in Note 39 of the Consolidated Ind AS Financial Statements)*	

The Group operates in a complex tax environment and is required to discharge direct and indirect tax obligations under various legislations such as Income Tax Act, 1961, Finance Act, 1994, Goods and Services Tax Acts and VAT Acts of various states.
 	
The tax authorities under these legislations have raised certain tax demands on the Group in respect of the past periods. The Group has disputed such demands and has appealed against them at appropriate forums. As at September 30, 2019 the Group has an amount of Rs. 65,081 Lakhs involved in various pending tax litigations.
 	
Ind AS 37 requires the Group to perform an assessment of the probability of economic outflow on account of such disputed tax matters and determine whether any particular obligation needs to be recorded as a provision in the books of account or to be disclosed as a contingent liability. Considering the significant degree of judgement applied by the management in making such assessments and the resultant impact on the financial statements,
	In assessing the exposure of the Group for the tax litigations, we have performed the following procedures:
	
	• Obtained an understanding of the process laid down by the management for performing their assessment taking into consideration past legal precedents, changes in laws and regulations, expert opinions obtained from external tax / legal experts (as applicable);
	• Assessed the processes and entity level controls established by the Company to ensure completeness of information with respect to tax litigations;
	• Along with our tax experts, we undertook the following procedures:
	  • Reading communications with relevant tax authorities including notices, demands, orders, etc., relevant to the pending litigations, as made available to us by the management;
	  • Testing the accuracy of disputed amounts from the underlying communications received from tax authorities and responses filed by the Company;
	  • Considered the submissions made to appellate authorities and expert opinions obtained by the Company from external tax / legal experts

Key audit matters	How our audit addressed the key audit matter
we have considered it to be an area of significance for our audit.	(wherever applicable) which form the basis for management's assessment; • Assessed the positions taken by the management in the light of the aforesaid information and based on the examination of the matters by our tax experts. • Read the disclosures included in the Consolidated Ind AS Financial Statements in accordance with Ind AS 37.

Management's Responsibility for the Interim Consolidated Ind AS Financial Statements

The Company's/Holding Company's Board of Directors is responsible for the preparation and presentation of these Interim Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Interim Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Interim Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Interim Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

- Identify and assess the risks of material misstatement of the Interim Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 Group'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 Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Interim Consolidated Ind AS financial statements, including the disclosures, and whether the Interim Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the Interim Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Interim Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Interim Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Other matters

- The accompanying Interim Consolidated Ind AS Financial Statements include the Unaudited Ind AS Financial Statements and other unaudited financial information in respect of two Subsidiaries, whose financial statements and other financial information reflect total assets of Rs. 12,144 Lacs. as at September 30, 2019, total revenues of Rs. 1,523 Lacs. and Net Cash inflows / outflows of Rs. 142 Lacs for the 6 months period then ended. These unaudited financial statements and other unaudited financial information have been furnished to us by the Management. The Interim Consolidated Ind AS Financial Statements also includes the Group's share of loss of Rs. 56 Lacs for the period ended September 30, 2019, as considered in the Interim Consolidated Ind AS Financial Statements, in respect of one Associate whose financial statements, other financial information has not been audited, and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate, is based solely on such Unaudited Ind AS Financial Statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group. Our opinion is not modified in respect of this matter.

- The comparative financial information for the corresponding six months ended September 30, 2018 included in these Interim Consolidated Ind AS financial statements are based on information compiled by the Management and have not been audited.

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

per Subramanian Suresh
Partner
Membership Number: 083673
UDIN: 19083673AAAABS5842
Place of Signature: Chennai
Date: November 5, 2019

Chennai

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Balance Sheet as at September 30, 2019

	Note No.	As at September 30, 2019	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	7	5,54,899	3,16,435
Bank balances other than cash and cash equivalents	8	77,139	54,411
Derivative financial instruments	9	13,272	8,869
Receivables	10		
i) Trade receivables		3,341	4,128
ii) Other receivables		4,362	3,908
Loans	11	55,69,461	52,61,077
Investments			
i) Associate	45	2,490	2,519
ii) Others	12	1,288	1,631
Other financial assets	13	31,771	13,896
		62,58,023	**56,66,874**
Non- Financial Assets			
Current tax assets (Net)		21,839	16,181
Deferred tax assets (Net)	14	38,558	46,012
Investment property	15	47	47
Property, plant and equipment	16	27,348	14,464
Intangible assets under development		1,032	1,397
Other intangible assets	17	2,184	2,220
Other non-financial assets	18	3,378	1,817
		94,386	**82,138**
TOTAL ASSETS		**63,52,409**	**57,49,012**
LIABILITIES AND EQUITY			
Financial Liabilities			
Derivative financial instruments	9	1,260	841
Payables			
(I) Trade payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		21,653	23,145
(II) Other payables			
i) Total outstanding dues of micro and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro and small enterprises		6,846	12,894
Debt securities	19	13,28,090	14,18,431
Borrowings(Other than Debt securities)	20	38,56,945	32,12,375
Subordinated liabilities	21	4,05,313	4,25,868
Other financial liabilities	22	43,347	21,676
		56,63,454	**51,15,230**
Non-Financial Liabilities			
Provisions	23	8,541	7,466
Other non-financial liabilities	24	3,500	5,445
		12,041	**12,911**
Equity			
Equity share capital	25	15,644	15,642
Other equity	26	6,61,270	6,05,229
Total Equity		**6,76,914**	**6,20,871**
TOTAL LIABILITIES AND EQUITY		**63,52,409**	**57,49,012**

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

M M Murugappan

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Statement of Profit and Loss for the Six months ended September 30, 2019

₹ in lakhs

	Note No.	Six months ended September 30, 2019	Six months ended September 30, 2018
Revenue from Operations			
Interest income	27A	3,95,313	3,08,227
Net gain on derecognition of financial instruments under amortised cost category	35.1B	13,168	4,288
Fee & commission income	27B	12,862	11,242
Net gain on fair value change on financial instrument	27C	710	2,237
Sale of services	27D	3,697	8,516
Total Revenue from operations (I)		**4,25,750**	**3,34,510**
Other income (II)	28	26	59
Total Income (III) = (I) + (II)		**4,25,776**	**3,34,569**
Expenses			
Finance costs	29	2,26,444	1,65,176
Impairment of financial instruments	30	20,469	15,958
Employee benefits expense	31	34,132	30,116
Depreciation and amortisation expense	15, 16 & 17	5,115	2,617
Other expenses	32	38,821	31,875
Total Expenses (IV)		**3,24,981**	**2,45,742**
Profit before tax (V) = (III) - (IV)		**1,00,795**	**88,827**
Tax expense/(benefit)	34		
Current tax			
Pertaining to profit for the current period		28,926	33,793
Adjustment of tax relating to earlier periods		15	-
Deferred tax	14	9,614	(2,902)
Net tax expense (VI)		38,555	30,891
Profit for the period - A = (V) - (VI)		**62,240**	**57,936**
Share of loss from associate (net of tax)	45	(29)	
Profit for the period		**62,211**	**57,936**
Other Comprehensive income:			
i)Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit obligations (net)	36	(381)	(325)
Income tax impact		96	110
Net (Loss) / gain on equity instruments designated at FVOCI for the year		(345)	(324)
Income tax impact		7	1
ii)Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cashflow Hedge Reserve	46.8	(4,547)	2,864
Income tax impact		2,081	(880)
Other comprehensive income/(loss) net of tax for the period (B)		**(3,089)**	**1,446**
Total Comprehensive Income net of tax (A) + (B)		**59,122**	**59,382**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Statement of Profit and Loss for the Six months ended September 30, 2019

₹ in lakhs

	Note No.	Six months ended September 30, 2019	Six months ended September 30, 2018
Profit for the period attributable to :			
Equity holders of the Parent Company		62,211	58,083
Non-Controlling Interest		-	(147)
Other Comprehensive Income (net of tax) for the period attributable to :			
Equity holders of the Parent Company		(3,089)	1,446
Non-Controlling Interest		-	
Total Comprehensive Income for the period attributable to :			
Equity holders of the Parent Company		59,122	59,529
Non-Controlling Interest		-	(147)
Earnings per equity share of ₹ 2 each	33		
Basic (₹)		7.96	7.41
Diluted (₹)		7.95	7.40

The accompanying notes are integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Consolidated Ind AS Statement of Changes in Equity for the Six months ended September 30, 2019

a) Equity Share Capital

	₹ in lakhs
Balances as on April 1, 2018	15,640
Add: Issue of share capital	3
Balances as on March 31, 2019	15,643
Add: Issue of share capital	1
Balances as on September 30, 2019	15,644

b)Other Equity (Refer Note 26) ₹ in lakhs

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total attributable to equity holders
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Opening Balance as at April 01, 2019	-	**1,06,046**	**4**	**3,300**	**1,66,850**	**2,50,967**	**76,848**	**1,861**	**561**	**(1,208)**	**6,05,229**
Profit for the year							62,211				**62,211**
Remeasurement of defined benefit plans and fair value change							(285)				**(285)**
Total comprehensive income for the year, net of income tax									(341)	(2,466)	**(2,807)**
Dividend including DDT							(3,770)				**(3,770)**
Addition during the year	4				34			654			**692**
Closing balance as at September 30, 2019	**4**	**1,06,046**	**4**	**3,300**	**1,66,884**	**2,50,967**	**1,35,004**	**2,515**	**220**	**(3,674)**	**6,61,270**

Particulars	Share application money pending allotment	Reserve and Surplus							Items of other comprehensive income		Total attributable to equity holders
		Statutory Reserve	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained earnings	Share based payments reserve	Fair valuation of Investment	Effective portion of cashflow hedge	
Opening Balance as at April 01, 2018	-	**82,046**	**4**	**3,300**	**1,66,680**	**1,90,967**	**53,760**	**1,046**	**1,180**	**(2,077)**	**4,96,906**
Profit for the year							58,083				**58,083**
Remeasurement of defined benefit plans and fair value change							(215)				**(215)**
Total comprehensive income for the year, net of income tax									(323)	1,984	**1,661**
Addition during the year					120			321			**441**
Dividend including DDT							(3,770)				**(3,770)**
Utilisation of securities premium											**-**
Others	-	-	-	-	-	-	695	-	-	-	**695**
Closing balance as at September 30, 2018	**-**	**82,046**	**4**	**3,300**	**1,66,800**	**1,90,967**	**1,08,553**	**1,367**	**857**	**(93)**	**5,53,801**

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

M M Murugappan

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Interim Ind-AS Consolidated Cash Flow Statement for the six months ended September 30, 2019

₹ in lakhs

Particulars	six months ended September 30, 2019		six months ended September 30, 2018	
Cash Flow from Operating Activities				
Profit Before Tax		**1,00,795**		**88,827**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	5,115		2,617	
Impairment of financial instruments	20,469		15,958	
Finance Costs	2,26,444		1,65,163	
Loss on Sale of Property plant and equipment (Net)	14		14	
Net gain on fair value change in financial instruments	(710)		(2,237)	
Interest Income on bank deposits	(12,834)		(2,711)	
Dividend on Investments	(16)		(20)	
Share based payment expense	658	2,39,140	318	1,79,102
Operating Profit Before Working Capital Changes		**3,39,935**		**2,67,929**
Adjustments for :-				
(Increase)/Decrease in operating Assets				
Loans	(5,48,204)		(5,14,871)	
Trade Receivables	333		5,290	
Other Financial Assets	(17,875)		(2,308)	
Other Non Financial Assets	(1,572)	(5,67,318)	(1,526)	(5,13,415)
Proceeds from de-recognition of financial assets recognised at amortised cost		2,19,339		43,969
Increase/(Decrease) in operating liabilities & Provisions				
Payables	(7,921)		(2,366)	
Other Financial liabilities	9,623		(2,031)	
Provisions	1,075		327	
Other NonFinancial liabilities	(1,111)	1,666	(72)	(4,142)
Cash Flow used in Operations		(6,378)		(2,05,659)
Finance Costs paid	(2,28,636)		(1,73,910)	
Interest Received on Bank Deposits and Other Investments	8,776		2,328	
Dividend received	16	(2,19,844)	20	(1,71,562)
		(2,26,222)		(3,77,221)
Income tax paid (Net of refunds)		(34,547)		(28,400)
Net Cash Used in Operating Activities (A)		**(2,60,769)**		**(4,05,621)**
Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(4,224)		(2,673)	
Proceeds from Sale of Property, Plant and Equipment	37		58	
Movement in investments (net)	690		2,237	
Net Cash Used in Investing Activities (B)		**(3,497)**		**(378)**
Cash Flow from Financing Activities				
Proceeds from issue of Share Capital (Including Securities Premium)		36		123
Payment of Lease liabilities		(2,218)		-
Proceeds from issue of debt securities	11,60,136		9,53,440	
Redemption of Debt securities	(12,38,104)		(7,34,285)	
Borrowing - Other than debt securities	19,05,126		14,31,113	
Repayment of borrowing - Other than debt securities	(12,77,805)		(8,27,379)	
Proceeds from issue of subordinated liabilities	-		51,500	
Repayment of subordinated liabilities	(22,000)	5,27,353	(17,650)	8,56,739
Investment in Bank Fixed Deposits (Net of withdrawals)		(19,205)		966
Dividends Paid (Including Distribution Tax)		(3,771)		(3,764)
Net Cash Flow From Financing Activities (C)		**5,02,195**		**8,54,064**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**2,37,929**		**4,48,065**
Cash and Cash Equivalents at the Beginning of the year		3,16,158		29,969
Cash and Cash Equivalents at the End of the year		**5,54,087**		**4,78,034**

The accompanying notes are integral part of the consolidated financial statements

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date : November 5, 2019
Place : Chennai

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

Arun Alagappan
Executive Director

M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer

Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

1. Corporate Information

Cholamandalam Investment and Finance Company Limited ("the Company") (CIN L65993TN1978PLC007576) is a public limited Company domiciled in India and the equity shares of the Company is listed on Bombay Stock Exchange and National Stock Exchange. The Company and its subsidiaries viz. Cholamandalam Securities Limited and Cholamandalam Home Finance Limited (together hereinafter referred to as "Group"). The Group is one of the premier diversified financial services companies in India, engaged in providing vehicle finance, home loans and Loan against property, business of broking and distribution of financial products.

The Interim consolidated Ind AS financial statements are presented in INR which is also functional currency of the Group.

2. Basis of Consolidation

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

The Interim consolidated Ind AS financial statements for the six months ended September 30, 2019 have been prepared in accordance with Ind AS 34. "Interim Financial Reporting". The Interim consolidated Ind AS financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

The Interim consolidated Ind AS financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

The Interim consolidated Ind AS financial statements comprise the financial statements of the Company, its subsidiaries (being the entity that it controls) and its Associate as at September 30, 2019. Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., half year ended on September 30.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

3A Particulars of consolidation

The financial statements of the following subsidiaries/associates (all incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of voting Power as on	
	September 30, 2019	March 31, 2019
Cholamandalam Securities Limited (CSEC)	100.00%	100.00%
Cholamandalam Home Finance Limited (CHFL) (formerly known as Cholamandalam Distribution Services Limited	100.00%	100.00%
White Data Systems India Private Limited	30.87%	30.87% from Oct 2018 (63.00% up to Sep 2018)

3B Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equal or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4. Presentation of financial statements

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

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

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

5. Significant accounting policies

5.1 Financial instruments – initial recognition
5.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

5.1.2 Initial measurement of financial instruments

All financial instruments are recognised initially at fair value, including transaction costs that are attributable to the acquisition of financial instrument, except in the case of financial instruments which are FVTPL (Fair value through profit and loss),where the transaction costs are charged to the statement of profit and loss.

5.1.3 Measurement categories of financial assets and liabilities

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

- Amortised cost
- FVTPL
- FVOCI

5.1.4 Financial assets and liabilities

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

The Group measures *Bank balances, Loans,* and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

5.1.6 Business model assessment

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment

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

5.1.7 The SPPI test

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

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

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

5.1.8 Equity instruments

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

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

5.1.9 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

5.1.10 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

5.1.11 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities during the reporting period.

5.2 Derecognition of financial assets and liabilities
5.2.1 Derecognition of financial assets other than due to substantial modification
5.2.1.1 Financial assets

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

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

  Or

  It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset
  Or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

5.2.1.2 Financial liabilities

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

5.3 Impairment of financial assets

5.3.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in these notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3:

Loans that has been credit-impaired are based on the following, for which it records an allowance for the LTECLs.

a) Contractual payments of either principal or interest are past due for more than 90 days;

b) The loan is considered to be in default by the management.

The calculation of ECLs

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provision.

5.3.2 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

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 made as temporary adjustments.

5.4 Collateral repossessed

In connection with recovery of outstanding dues from borrowers, the company from time to time and in the normal course of business, resorts to regular repossession of collateral provided against vehicle loans and in certain cases, also exercises its right over property through legal procedures which include seizure of property (wherever applicable). Such assets repossessed are not used for the internal operations. As per the Group's accounting policy, repossessed assets are not recorded in the balance sheet, and instead their estimated realisable value is considered in determining the ECL allowance for the related Stage 3 financial assets.

5.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument in the consolidated statement of profit and loss.

5.6 Restructured, rescheduled and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans such as changing the instalment value or changing the tenor of the loan, as a response to the borrower's request. The Group considers the modification of the loan only before the loans gets credit impaired.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as restructured, it will remain restructured for a period of year from the date on which it has been restructured.

5.7 Hedge accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

5.7.1 Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).

The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss

5.8 Recognition of interest income

5.8.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest Income

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account of fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the life of the loan. Interest income on Stage 3 loans is recognised by applying the EIR to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

5.9 Taxes

5.9.1 Current Tax

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

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

5.9.2 Deferred Tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

5.9.3 Minimum Alternative Tax (MAT)

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

5.10 Investment Property

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years based on the Group's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Sch II to the Companies Act 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

5.11 Property, plant and equipment

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

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is similar to those provided under Schedule II. Land is not depreciated.

Useful life of assets which is same as those prescribed as per Schedule II of the Companies Act, 2013:

Asset description	Estimated Useful Life
Buildings	60 years
Computer Equipment	3 years
Other Equipment	5 years
Leasehold improvements	Lease period or 5 years whichever is lower

Useful life of assets based on Management's assessment (supported by technical evaluation):

Asset description	Estimated Useful Life
Furniture and Fixtures *	5 years
Vehicles *	5 years
Membership card of stock exchanges	10 years

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

5.12 Intangible assets

The Group's other intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight line basis over a 3 year period or the license period whichever is lower. The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

5.13 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5.14 Retirement and other employee benefits

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

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

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

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (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 Group recognises related restructuring costs

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

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

5.15 Share Based Payments

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

5.16 Provisions

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

5.16.1Provision 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.

5.17 Dividends on ordinary shares

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013 in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

5.18 Determination of Fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments**–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- **Level 3 financial instruments** –Those that include one or more unobservable input that is significant to the measurement as whole.

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

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

5.19 Recognition of Income

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.
The Group 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 Group 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 Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

5.19.1 Interest on overdue balances and Other Charges

Overdue interest in respect of loans is recognised upon realisation.

5.19.2 Fee Income & Sale of Services

a) Fee income from loans are recognised upon satisfaction of following:
   i) Completion of service
   ii) and realisation of the fee income.
b) Servicing and collections fees on assignment are recognised upon completion of service.
c) Advertising income is recognised over the contract period as and when related services are rendered.
d) Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

5.20 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Group'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.

5.21 Input Tax credit (Goods and Service Tax)

Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted, and when there is no uncertainty in availing / utilising the same. Group can avail 50% of the input credit as per the applicable regulatory laws hence it charges off the balance 50% to the respective expenses.

5.22 Foreign Currency transactions

The Group's financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Group at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

5.23 Earnings Per Share

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

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

5.24 Segment Information

The accounting policies adopted for Segment reporting are in line with the accounting policies of the Group with the following additional policies:

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocable".

Assets and liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Assets and liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Un-allocable".

5.25 Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

5.26 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments

For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of cash management of the Group.

5.27 Leases

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

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

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

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right to use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right to use asset if the Group changes its assessment if the whether it will exercise an extension or a termination option.

ROU asset has been presented under Property, plant and equipment while lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Group are classified as financing cash flows.

5.28 Trade receivable

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

5.29 Significant accounting judgements, estimates and assumptions

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

In the process of applying the Group's accounting policies, management has made the following judgements/estimates, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

5.29.1 De-recognition of Financial instruments

The Group enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Group has been exposed to. Based on this assessment, the Group believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Group hence it has been concluded that securitisation transactions entered by the Group does not qualify de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

5.29.2 Fair value of financial instruments

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

5.29.3 Impairment of financial asset

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

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.29.4 Provisions and other contingent liabilities

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be 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 Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

5.29.5. Business Model Assessment.

The Group from time to time enters into direct bilateral assignment deals, which qualify for de-recognition under Ind AS 109. Accordingly, the assessment of the business model for managing its financial assets its financial assets becomes a critical judgement. Refer Note 5.1.6 for related details.

6. Goodwill recognised at the time of acquisition of other entities

This represents the goodwill recognised on the acquisition of subsidiary – White Data Systems India Private Limited. The aggregate values of the same are not significant. The Group believes that the carrying amount of the goodwill is recoverable.

Note : 7 CASH AND CASH EQUIVALENTS

Particulars	As at September 30, 2019	As at March 31, 2019
Cash on hand	4,171	4,997
Balances with banks		
- In Current Accounts	1,11,286	35,075
- In Deposit Accounts - Original maturity 3 months or less	4,33,662	2,68,762
Cheques, drafts on hand	4,968	7,324
On other bank balances		
- On client and exchange related accounts & other deposits	812	277
Total	**5,54,899**	**3,16,435**
Cash and cash equivalents	5,54,899	3,16,435
Less: Other bank balances	812	277
Cash and cash equivalents for cashflow purpose	5,54,087	3,16,158

Note 8 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at September 30, 2019	As at March 31, 2019
- In Deposit Accounts - Original maturity more than 3 months including interest accrued	30,948	1,521
- Non current bank balances	828	819
- In earmarked accounts		
- In Unpaid Dividend Accounts	67	68
- Deposits with Banks as collateral towards securitisation loan	45,288	51,995
- Other deposit Account on amalgamation of Cholamandalam Factoring Limited	8	8
Total	**77,139**	**54,411**

Note 9 : DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30th September 2019			As at 31st March 2019		
Part I	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i)Other derivatives - Cross Currency Interest Rate Swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i)Cash flow hedging:						
Others - Cross currency interest rate swap	4,12,540	13,272	1,260	2,26,150	8,869	841
Total Derivative financial Instruments	**4,12,540**	**13,272**	**1,260**	**2,26,150**	**8,869**	**841**

The Group has a Board approved policy for entering into derivative transactions. Derivative transaction represents Currency and Interest Rate Swaps. The Group undertakes such transactions for hedging borrowings. The Asset Liability Management Committee and Business Committee periodically monitors and reviews the risks involved.

Note: 10 RECEIVABLES

Particulars	As at September 30,2019	As at March 31,2019
(i)Trade Receivables		
Considered Good*	3,341	4,128
Subtotal (i)	**3,341**	**4,128**
(ii)Other Receivables		
Considered Good*	4,362	3,908
Subtotal (ii)	**4,362**	**3,908**
Total (i)+(ii)	**7,703**	**8,036**

*Includes dues from related parties. Refer note 38

Of the above, receivables amounting to Rs. 1,987 lakhs (Previous year - Rs. 3,210 lakhs) have been secured against the lien of securities, which are underlying the transaction.

₹ in lakhs

Note : 11 LOANS
(At amortised cost)

Particulars		As at September 30, 2019	As at March 31, 2019
(A)(i) Bills Discounted		9,720	8,841
(ii) Term loans		56,60,693	53,45,307
	Total (A) Gross	**56,70,413**	**53,54,148**
Less: Impairment Allowance for (i) & (ii)		(1,00,952)	(93,071)
	Total (A) Net	**55,69,461**	**52,61,077**
(B)(i) Secured by tangible assets		56,27,868	53,03,106
(ii) Unsecured		42,545	51,042
	Total (B) - Gross	**56,70,413**	**53,54,148**
Less: Impairment Allowance		(1,00,952)	(93,071)
	Total (B) - Net	**55,69,461**	**52,61,077**

All loans are in India and have been granted to individuals or entities other than public sector.

Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and / or pledge of securities and / or equitable mortgage of property.

Term loans includes unsecured short term loan to an associate. The loans have been classified under Stage 1 Category at the various reporting periods and related impairment provision as per the Group's accounting policy has been created. The details of the same are disclosed below:

Particulars	As at September 30, 2019	As at March 31, 2019
Loan - Oustanding Value		
White Data System India Private Limited - Associate	340	340
Impairment Provision		
White Data System India Private Limited - Associate	-	-

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
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₹ in lakhs

Note : 11.1 LOANS
An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans

	Gross Carrying amount				Impairment allowance			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Bill discounted								
Opening as on April 1, 2019	5,348	40	3,453	8,841	13	3	3,157	3,173
New assets originated / Increase in existing assets (Net)	6,297	179	-	6,476	46	19	-	65
Exposure de-recognised / matured / repaid	(5,349)	(39)	(209)	(5,597)	(13)	(3)	(165)	(181)
Transfer to Stage 3								-
Impact on account of exposures transferred during the period between stages	-	-	-	-	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-	-	-	54	54
Closing as on September 30, 2019	**6,296**	**180**	**3,244**	**9,720**	**46**	**19**	**3,046**	**3,111**
Term loans								
Opening as on April 1, 2019	49,97,112	2,07,102	1,41,093	53,45,307	24,641	18,832	46,425	89,898
New assets originated / Increase in existing assets (Net)	15,50,509	8,303	1,685	15,60,497	5,345	717	702	6,764
Exposure de-recognised / matured / repaid	(11,42,233)	(69,354)	(24,384)	(12,35,971)	(17,419)	(4,027)	(349)	(21,795)
Transfer to Stage 1	53,139	(48,221)	(4,918)	-	5,589	(4,387)	(1,202)	-
Transfer to Stage 2	(2,03,342)	2,06,195	(2,853)	-	(919)	1,707	(788)	-
Transfer to Stage 3	(31,962)	(34,939)	66,901	-	(142)	(3,410)	3,552	-
Impact on account of exposures transferred during the period between stages	148	668	1,336	2,152	-	13,728	13,047	26,775
Impact of changes on items within the same stage	-	-	3,511	3,511	-	-	1,359	1,359
Write off	(5,069)	(4,412)	(5,322)	(14,803)	(82)	(1,365)	(3,713)	(5,160)
				-				
Closing as on September 30, 2019	**52,18,302**	**2,65,342**	**1,77,049**	**56,60,693**	**17,013**	**21,795**	**59,033**	**97,841**
Bills Discounted								
Opening as on April 1, 2018	10,316	850	2,343	13,509	26	62	1,270	1,358
New assets originated / Increase in existing assets (Net)	5,352	39	892	6,283	13	3	596	612
Exposure de-recognised / matured / repaid	(10,024)	(780)	(147)	(10,951)	(25)	(57)	(41)	(123)
Transfer to Stage 3	(296)	(69)	365	-	(1)	(5)	6	-
Impact on account of exposures transferred during the year between stages (net)	-	-	-	-	-	-	329	329
Impact of changes on items within the same stage (net)	-	-	-	-	-	-	997	997
Closing as on March 31, 2019	**5,348**	**40**	**3,453**	**8,841**	**13**	**3**	**3,157**	**3,173**
Term loans								
Opening as on April 1, 2018	39,56,838	1,95,115	1,46,120	42,98,073	19,812	20,693	44,396	84,901
New assets originated / Increase in existing assets (Net)	27,37,274	28,031	5,332	27,70,637	8,880	2,848	1,867	13,595
Exposure de-recognised / matured / repaid	(15,27,990)	(1,13,191)	(55,853)	(16,97,034)	(1,841)	(3,955)	(6,074)	(11,870)
Transfer to Stage 1	56,448	(49,871)	(6,577)	-	6,206	(4,642)	(1,564)	-
Transfer to Stage 2	(1,71,530)	1,78,274	(6,744)	-	2,298	(850)	(1,448)	-
Transfer to Stage 3	(44,907)	(25,631)	70,538	-	(250)	(2,481)	2,731	-
Impact on account of exposures transferred during the year between stages	3	200	1,825	2,028	(6,068)	10,596	14,921	19,449
Impact of changes on items within the same stage	-	-	4,144	4,144	(3,667)	(1,457)	2,885	(2,239)
Write off	(9,024)	(5,825)	(17,692)	(32,541)	(729)	(1,920)	(11,289)	(13,938)
								-
Closing as on March 31, 2019	**49,97,112**	**2,07,102**	**1,41,093**	**53,45,307**	**24,641**	**18,832**	**46,425**	**89,898**

ECL across stages have been computed on collective basis.

₹ in lakhs

Note : 12 INVESTMENTS

Particulars	As at September 30, 2019	As at March 31, 2019
Investment in Equity Instruments*		
a) Unquoted - FVOCI **		
Amaravathi Sri Venkatesa Paper Mills Limited 293,272 Equity shares of ₹ 10 each fully paid up#	-	-
Saraswat Co-operative Bank Limited 1,000 Equity shares of ₹ 10 each fully paid up#	-	-
The Shamrao Vithal Co-operative Bank Limited 1,000 Equity shares of ₹ 25 each fully paid up#	-	-
Chennai Willingdon Corporate Foundation 5 shares of ₹ 10 each: cost ₹ 50 only#	-	-
Chola Insurance Services Private Ltd. 19,133 Equity shares of ₹10 each fully paid up	2	2
Faering Capital India Evolving Fund 29,037 units (as on March 31, 2019 - 30,781 units) of ₹10 each fully paid up	428	516
b) Quoted - FVOCI		
Bombay Stock Exchange Limited 65,000 Equity shares of ₹ 1 each fully paid up	368	398
Madras Enterprises Limited 2,85,000 Equity shares of ₹ 1 each fully paid up#	-	-
Coromandel Engineering Co. Ltd 25,00,100 Equity shares of ₹ 10 each fully paid up	450	715
c) Investment in mutual funds - FVTPL		
ICICI Prudential Liquid fund - Short term plan - growth (14,059 units at Rs 285.57 each)	40	-
Total	**1,288**	**1,631**

*Investments are made in India
** The Group has designated certain unquoted investments as FVOCI on the basis that these are not held for trading.
# represents amount less than Rs 1 lakh.

Note: 13 OTHER FINANCIAL ASSET

Particulars	As at September 30, 2019	As at March 31, 2019
At amortised cost		
Unsecured - considered good (unless otherwise stated)		
Security deposits	4,245	3,298
Interest only strip receivable*	21,804	9,062
Other advances	5,722	1,536
Total	**31,771**	**13,896**

* Net of ECL amounting to Rs.1,235 lakhs (March 31, 2019 - Rs 1,000 Lakhs)

₹ in lak

Note 14: Deferred Tax

Particulars	As at September 30, 2019	As at March 31, 2019
Deferred Tax Assets		
Impairment allowance for financial instruments	25,575	32,430
Provision for Contingencies and undrawn commitments	998	1,379
Provision for Claw back	1	5
Provision for Compensated Absences and Gratuity	1,156	1,280
Impact of Effective interest rate adjustment on Financial Assets	7,506	9,761
Contract liability as per IND AS 115	641	995
Depreciation	725	671
Carry forward of tax losses	260	299
MAT credit entitlement	318	327
Items recognised in OCI	1,514	-
Others	384	376
(A)	**39,078**	**47,523**
Deferred Tax Liability		
Impact of Effective interest rate adjustment on Financial Liabilities	520	856
Items recognised in OCI	-	655
(B)	**520**	**1,511**
Net Deferred Tax Assets (A) - (B)	**38,558**	**46,012**

Particulars	Six months ended September 30, 2019 Income Statement	Six months ended September 30, 2019 OCI	Six months ended September 30, 2018 Income Statement	Six months ended September 30, 2018 OCI
Deferred Tax Assets				
Impairment allowance for financial instruments	6,855	-	(1,866)	-
Provision for Contingencies and undrawn commitments	381	-	10	-
Provision for Claw back	4	-	5	-
Provision for Compensated Absences and Gratuity	124	-	180	-
Impact of Effective interest rate adjustment on Financial Assets	2,255	-	(1,777)	-
Contract liability as per IND AS 115	354	-	-	-
Depreciation	(54)	-	-	-
Carry forward of tax losses	39	-	75	-
Others	(8)	-	50	-
(A)	**9,950**	**-**	**(3,323)**	**-**
Deferred Tax Liability				
Impact of Effective interest rate adjustment on Financial Liabilities	336	-	164	-
Gain on de-recognition of loans	-	-	(702)	-
Re-measurement gains / (losses) on defined benefit plans (Net)	-	96	-	(111)
Net (Loss)/gain on equity instrument designated at FVOCI	-	7	117	-
Cashflow Hedge Reserve	-	2,081	-	880
(B)	**336**	**2,184**	**(421)**	**769**
Net deferred tax charge / (reversal) (A) - (B)	**9,614**	**(2,184)**	**(2,902)**	**(769)**

The deferred tax charge to the profit and loss account for the six months period ended September 30, 2019 of Rs 9,614 lakhs includes a remeasurement of the deferred tax assets as at March 31, 2019 at the substantively enacted tax rate pursuant to the Taxation Laws (Amendment) Ordinance 2019 promulgated on September 20, 2019, where the Company has exercised the option permitted Under Section 15BAA of the Income Tax Act, 1961 to compute the income tax at the revised rate (25.17%) from the current reporting period. The additional tax expense for the six months ended September 30, 2019 on account of this remeasurement of the deferred tax asset as at March 31, 2019 amounts to Rs. 12,673 lakhs.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 15 INVESTMENT PROPERTIES

₹ in lakhs

Particulars	
Gross carrying amount as at April 1, 2018	**5**
Additions*	**42**
Disposals	-
Gross carrying amount as at March 31, 2019	**47**
Additions	-
Disposals	-
Gross carrying amount as at September 30, 2019	**47**
Accumulated depreciation and impairment	
Balance as at April 1, 2018	-
Depreciation for the year	-
Depreciation on disposals	-
Balance as at March 31, 2019	-
Depreciation for the period	-
Depreciation on disposals	-
Balance as at September 30, 2019**	-
Net Carrying amount	
As at March 31, 2019	**47**
As at June 30, 2019	**47**
Useful Life of the asset (In Years)	60
Method of depreciation	Straight line method

The Group's investment property consists of 4 properties and has let out one property as at September 30, 2019
*Additions represents transfer from Property, plant and equipments.
** represents amount less than Rs 100,000

₹ in lakhs

i) Income earned and expense incurred in connection with Investment Property

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Rental Income	9	14
Direct Operating expense from property that generated rental income	1	1
Direct Operating expense from property that did not generated rental income	-	-

ii) Contractual obligations
There are no contractual obligations to purchase, construct or develop investment property.

iii) Leasing Arrangements
Certain investment properties are leased out to tenants under cancellable operating lease.

₹ in lakhs

iv) Fair Value	**As at September 30, 2019**	**As at March 31, 2019**
Investment Property	317	287

v) Sensitivity analysis

Particulars	**Valuation technique**	**Significant unobservable inputs**	**Range (Weighted avg)**	**Sensitivity of the input to fair value**	**Fair Value (Rs in Lakhs)**	**Sensitivity (Rs in Lakhs)**
Investment property As at September 30, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	317	16
Investment property As at March 31, 2019	Professional valuer	Price per Sq. feet	Rs.7000 - Rs.13,000 per Sq. ft.	5%	287	14

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 16 - PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Freehold Land	Computer Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Buildings (Refer Note below)		Total
							Own Assets	Right of Use Asset	
Gross carrying amount as at April 1, 2018	**3,956**	**3,778**	**1,638**	**1,375**	**2,909**	**1,085**	**2,575**	**-**	**17,316**
Additions	-	1,997	567	484	801	592	-		4,441
Disposals	-	152	63	64	122	401	42		844
Gross carrying amount as at March 31, 2019	**3,956**	**5,623**	**2,142**	**1,795**	**3,588**	**1,276**	**2,533**	**-**	**20,913**
Additions		1,909	391	411	748	351		13,432	17,242
Disposals		91	36	5	111	119			362
Gross carrying amount as at September 30, 2019	**3,956**	**7,441**	**2,497**	**2,201**	**4,225**	**1,508**	**2,533**	**13,432**	**37,793**
Accumulated depreciation / amortisation and impairment									
Balance as at April 1, 2018	**-**	**1,283**	**464**	**646**	**696**	**38**	**48**	-	**3,175**
Depreciation for the year		1,757	465	480	757	327	48		3,834
Depreciation on disposals		77	43	57	108	275	-		560
Balance as at March 31, 2019	-	**2,963**	**886**	**1,069**	**1,345**	**90**	**96**	-	**6,449**
Depreciation for the period		1,016	279	365	488	171	24	1,960	4,303
Depreciation on disposals		91	31	4	107	74			307
Balance as at September 30, 2019	-	**3,888**	**1,134**	**1,430**	**1,726**	**187**	**120**	**1,960**	**10,445**
Net Carrying amount									
As at March 31, 2019	**3,956**	**2,660**	**1,256**	**726**	**2,243**	**1,186**	**2,437**	-	**14,464**
As at September 30, 2019	**3,956**	**3,553**	**1,363**	**771**	**2,499**	**1,321**	**2,413**	**11,472**	**27,348**
Useful Life of the asset (In Years)		3	5	5	5	5	60	upto 5	
Method of depreciation		Straight-line method							

Note

1. Details of Immovable properties of land and buildings, whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security, has been explained in Note 19.1

2. Disposal represents transfer to Investment property.

3. The Company has elected to include ROU assets pertaining to lease of buildings as part of the Property, plant and equipment as permitted under paragraph 47 of Ind AS 116.

4. Refer Note 49 for disclosures relating to ROU assets.

Sd/-

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note:17 INTANGIBLE ASSETS ₹ in lakhs

Particulars	Computer Software
Deemed cost as at April 1, 2018	**3,596**
Additions	1,992
Disposals	111
Gross carrying amount as at March 31, 2019	**5,477**
Additions	776
Disposals	
Gross carrying amount as at September 30, 2019	**6,253**
Accumulated Amortization and impairment	
Balance as at April 1, 2018	**1,393**
Amortization for the year	1,864
Amortization on disposals	-
Balance as at March 31, 2019	**3,257**
Amortization for the period	812
Amortization on disposals	
Balance as at September 30, 2019	**4,069**
Net Carrying amount	
As at March 31, 2019	**2,220**
As at September 30, 2019	**2,184**
Useful Life of the asset (In Years)	3
Method of depreciation	Straight line method

Note: 18 OTHER NON FINANCIAL ASSETS ₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Unsecured - considered good		
Prepaid expenses	2,748	1,195
Capital advances	213	224
Other assets	417	398
Total	**3,378**	**1,817**

₹ in lakhs

Note : 19 DEBT SECURITIES (at amortised cost)

Particulars	As at September 30, 2019	As at March 31, 2019
Redeemable Non-Convertible Debentures		
Medium-Term - Secured	7,79,160	10,54,445
Commercial Papers - Unsecured	5,48,930	3,63,986
Total	**13,28,090**	**14,18,431**

All debt securities in India

19.1 Security

(i) Redeemable Non-Convertible Debentures - Medium-term is secured by way of specific charge on assets under hypothecation relating to Vehicle Finance, Home Equity, Bills discounted and other loans and *pari passu* charge on immovable property situated at Ahmedabad and Chennai.

(ii) The Group has not defaulted in the repayment of dues to its lenders.

(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 19.2 based on the Contractual terms.

19.2 Details of Debentures - Contractual principal repayment value

(i) Secured Redeemable Non-Convertible Debentures - Redeemable at par - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019	Balance as at March 31, 2019	Due date of redemption	Rate of interest %
		₹ in lakhs			
250	10,00,000	2,500	2,500	Nov-26	8.55
1,500	10,00,000	15,000	15,000	Apr-24	8.62
3,523	10,00,000	35,230	35,230	Sep-23	8.80
1,500	10,00,000	15,000	15,000	Nov-22	8.00
3,523	10,00,000	35,230	35,230	Sep-22	8.70
1,050	10,00,000	10,500	10,500	Mar-22	8.35 to 9.06
3,523	10,00,000	35,230	35,230	Sep-21	8.45
1,250	10,00,000	12,500	-	Aug-21	8
2,550	10,00,000	25,500	25,500	Jul-21	9.06
4,010	10,00,000	40,100	20,000	Jun-21	8.49 to 8.52
4,770	10,00,000	47,700	47,700	Apr-21	8.0874
600	10,00,000	6,000	6,000	Feb-21	9.09
1,350	10,00,000	13,500	-	Jan-21	8.11
3,500	10,00,000	35,000	35,000	Dec-20	8.00 to 8.98
1,750	10,00,000	17,500	17,500	Oct-20	7.75
2,200	10,00,000	22,000	22,000	Jun-20	8.10 to 9.10
4,800	10,00,000	48,000	48,000	May-20	8.12 to 8.90
800	10,00,000	8,000	8,000	Apr-20	8.11 to 9.02
500	10,00,000	5,000	5,000	Mar-20	9.02
9,850	10,00,000	98,500	98,500	Feb-20	7.97 to 8.85
5,500	10,00,000	55,000	55,000	Dec-19	7.97
2,750	10,00,000	27,500	27,500	Nov-19	8.10 to 9.10
5,750	10,00,000	57,500	57,500	Oct-19	8.05 to 8.20
5,850	10,00,000	-	58,500	Sep-19	8.06 to 8.46
2,250	10,00,000	-	22,500	Aug-19	7.50 to 9.90
7,300	10,00,000	-	73,000	Jul-19	7.80 to 9.90
2,750	10,00,000	-	27,500	Jun-19	9.13 to 9.90
6,750	10,00,000	-	67,500	May-19	8.03 to 9.20
1,100	10,00,000	-	11,000	Apr-19	8.00 to 9.20
		6,67,990	**8,81,890**		

(ii) Secured Redeemable Non-Convertible Debentures - Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019	Balance as at March 31, 2019	Due date of redemption	Redemption price ₹	Premium ₹
		₹ in lakhs				
1100	10,00,000	11,000	11,000	May-21	12,94,211	2,94,211
1000	10,00,000	10,000	10,000	Mar-21	12,76,583	2,76,583
1150	10,00,000	11,500	11,500	Dec-20	11,92,230	1,92,230
2050	10,00,000	20,500	20,500	May-20	12,63,916	2,63,916
190	10,00,000	1,900	1,900	Apr-20	12,56,100	2,56,100
500	10,00,000	5,000	5,000	Apr-20	13,54,976	3,54,976
800	10,00,000	8,000	8,000	Apr-20	12,74,682	2,74,682
750	10,00,000	-	7,500	Sep-19	12,66,148	2,66,148
80	10,00,000	-	800	Jul-19	12,98,729	2,98,729
500	10,00,000	-	5,000	Jul-19	13,63,101	3,63,101
80	10,00,000	-	800	Apr-19	13,08,150	3,08,150
250	10,00,000	-	2,500	Apr-19	13,13,730	3,13,730
		67,900	**84,500**			

(iii) Secured Redeemable Non-Convertible Debentures - Redeemable at par - with Put option

No of Debentures	Face Value ₹	Balance as at September 30, 2019	Balance as at March 31, 2019	Due date of redemption	Put option date	Rate of interest %
		₹ in lakhs				
15	10,00,000	150	150	Mar-21	Feb-20	8.85
10	10,00,000	100	100	Aug-23	Jul-21	9.06
		250	**250**			

₹ in lakhs

Note : 20 BORROWINGS (Other than Debt Securities) at amortised cost

Particulars	As at September 30, 2019	As at March 31, 2019
A)Term Loans		
(i)(a)From Banks - Secured		
- Rupee Loans	26,65,869	21,62,592
- Foreign currency Loans	2,06,787	2,00,467
- External Commercial Borrowings	2,25,560	34,629
(b) From Banks - Unsecured		
- Rupee Loans	1,32,500	50,000
ii) From Other Parties - Secured		
(a) Financial Institutions - Rupee Loans	79,385	93,481
(b) Securitisation - Rupee Loans	5,27,276	5,49,261
B) Loan repayable on demand - Secured from Banks - Rupee Loans	19,568	1,21,945
Total	**38,56,945**	**32,12,375**
Borrowings within India	36,31,385	31,77,746
Borrowings Outside India	2,25,560	34,629

20.1 Security

(i) Secured term loans from banks and financial institution are secured by way of specific /pari passu charge on assets under hypothecation relating to automobile financing and loans against immovable property.

(ii) Loan repayable on demand is in the nature of Cash Credit from banks and is secured by way of floating charge on assets under hypothecation and other assets.

(iii) The Group has not defaulted in the repayment of dues to its lenders.

(iv) Securitisation borrowing represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group has provided Credit enhancement to the trust by way of cash collateral and Bank guarantee.

(v) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 20.2 based on the Contractual terms.

20.2 Details of term loans - Contractual principal repayment value

₹ in lakhs

Rate of Interest	Maturity	Instalments	Amount outstanding	
			September 30, 2019	March 31, 2019
Base Rate / MCLR	< 1year	1	1,25,000	21,000
		2	76,667	-
		3	37,500	12,000
		4	16,250	20,000
	1 - 2 years	1	45,000	60,000
		2	43,334	-
		4	6,250	60,000
	2 - 3 years	1	35,000	40,000
		2	43,334	-
		3	-	15,000
		4	6,250	-
	3 - 4 years	2	29,791	-
		6	-	1,00,000
		16	-	25,000
	4 - 5 years	2	10,000	-
		6	-	80,000
Base Rate/ MCLR + spread (0.05% to 2.75%)	< 1year	1	95,000	52,000
		2	32,500	-
		3	56,250	-
		4	38,750	-
	1 - 2 years	1	7,03,750	3,10,000
		2	36,667	-
		4	3,51,250	50,000
	2 - 3 years	1	1,89,167	5,20,000
		2	59,167	-
		3	18,750	-
		4	1,57,500	1,00,000
		8	-	1,00,000
	3 - 4 years	1	1,12,500	1,00,000
		2	1,00,001	-
		4	57,500	-
		6	12,500	-
	4- 5 years	1	31,665	-
		2	36,667	-
		6	25,000	-
		10	-	1,00,000
		20	-	3,00,000
Rate based on T Bill + Spread	< 1 year	1	39,400	5,000
		3	5,002	-
	1 - 2 years	1	34,400	20,000
		3	-	3,000
		4	25,000	-
		5	-	8,334
	2 - 3 years	1	14,400	-
		4	25,000	-
	3 - 4 years	3	-	28,200
		4	-	-
Fixed Rate	< 1year	1	-	74,000
		4	28,000	-
	1 - 2 years	4	28,000	-
	2 - 3 years	4	16,000	-
		10	-	30,000
	3 - 4 years	2	7,000	-
		16	-	63,000
	4 - 5 years	1	-	-
3Months Repo	2 - 3 years	1	30,000	30,000
Total			**28,41,162**	**23,26,534**
USD 2Y MIBOR + Spread	< 1year	1	4,000	-
	1-2 years	1	-	4,000
USD 3M LIBOR + Spread	1-2 years	5	-	20,000
USD 6M LIBOR + Spread	< 1year	1	1,71,500	1,47,500
		4	16,667	-
	2-3 years	1	1,60,135	34,650
	4 - 5 years	1	64,238	-
Total			**4,16,540**	**2,06,150**

Details of Securitised loan

Rate of Interest	Maturity	Amount outstanding*	
		September 30, 2019	March 31, 2019
	Less than 1 year	1,96,847	1,90,854
Fixed	1-2 year	1,30,379	1,26,195
(6.1% to 8.5%)	2-3 year	56,956	56,971
	3-4 year	14,641	13,886
	4-5 year	6,130	6,506
	more than 5 years	21,065	26,700
Total		**4,26,018**	**4,21,112**
	Less than 1 year	8,054	11,287
Floating	1-2 year	8,591	11,921
Base Rate/ MCLR - spread	2-3 year	9,109	12,280
(0.75% to 2.65%)	3-4 year	9,719	12,060
	4-5 year	10,170	12,319
	more than 5 years	54,473	66,786
Total		**1,00,116**	**1,26,653**

* Represents amounts to be paid to the securitisation trust as per the securitisation cash flows net of amounts to be received against Investment in PTC.

20.3 Loan repayable on demand represents cash credit and overdraft facilities

₹ in lakhs

Note : 21 SUBORDINATED LIABILITIES (at amortised cost)

Particulars	As at September 30, 2019	As at March 31, 2019
Perpetual Debt - Unsecured	1,48,186	1,44,179
Subordinated Debt - Unsecured	2,57,127	2,81,689
Total	**4,05,313**	**4,25,868**

(i) All Subordinated liabilities have been contracted in India
(ii) The Group has not defaulted in the repayment of dues to its lenders.
(iii) Details of repayment such as date of repayment, interest rate and amount to be paid have been disclosed in note 21.1 based on the Contractual terms.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

21.1 Details of Subordinated Liabilities - Contractual principal repayment value

(i) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt - Redeemable at par - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019 ₹ in lakhs	Balance as at March 31, 2019 ₹ in lakhs	Due date of redemption	Rate of interest %
3000	10,00,000	30,000	30,000	Aug-28	9.75
5300	10,00,000	53,000	53,000	Mar-28	9.05
1500	10,00,000	15,000	15,000	Aug-27	8.53
2500	10,00,000	25,000	25,000	Jun-27	8.78 to 8.80
100	10,00,000	1,000	1,000	Nov-26	9.20
150	10,00,000	1,500	1,500	Jun-24	11.00
50	10,00,000	500	500	May-24	11.00
250	10,00,000	2,500	2,500	Apr-24	11.00
250	10,00,000	2,500	2,500	Mar-24	11.00
200	10,00,000	2,000	2,000	Feb-24	11.00
250	10,00,000	2,500	2,500	Jan-24	11.00
2000	10,00,000	20,000	20,000	Nov-23	9.08 to 9.20
500	10,00,000	5,000	5,000	Oct-23	9.08
150	10,00,000	1,500	1,500	Sep-23	11.00
600	10,00,000	6,000	6,000	Dec-22	11.05 to 11.25
3,150	10,00,000	31,500	31,500	Nov-21	10.02
1,000	10,00,000	10,000	10,000	Jun-21	11.30
1,000	10,00,000	10,000	10,000	May-21	11.30
100	10,00,000	1,000	1,000	Mar-21	11.00
100	10,00,000	1,000	1,000	Feb-21	11.00
150	10,00,000	1,500	1,500	Oct-20	11.00
500	10,00,000	5,000	5,000	Jul-20	10.70
115	10,00,000	1,150	1,150	May-20	11.00
1,000	10,00,000	10,000	10,000	Apr-20	11.00
750	10,00,000	7,500	7,500	Dec-19	11.50
700	10,00,000	-	7,000	Jun-19	11.40
1,500	10,00,000	-	15,000	May-19	11.70 to 11.75
r					
		2,46,650	**2,68,650**		

(ii) Unsecured Redeemable Non-Convertible Debentures - Subordinated debt -Redeemable at premium - No put call option

No of Debentures	Face Value ₹	Balance as at September 30, 2019 ₹ in lakhs	Balance as at March 31, 2019 ₹ in lakhs	Due date of redemption	Redemption price ₹	Premium ₹
150	10,00,000	1,500	1,500	Nov-23	17,57,947	7,57,947
		1,500	**1,500**			

(iii) Unsecured Redeemable Non-Convertible Debentures - Perpetual debt

No of Debentures	Face Value ₹	Balance as at September 30, 2019 ₹ in lakhs	Balance as at March 31, 2019 ₹ in lakhs	Maturity Date - Perpetual	Rate of interest % (increase by 100 bps if call option is not exercised on the due date)
1120	5,00,000	5,600	5,600	Mar-29	10.83
5000	5,00,000	25,000	25,000	Feb-29	10.88
500	5,00,000	2,500	2,500	Aug-24	12.80
174	10,00,000	1,740	1,740	Jul-24	12.90
500	5,00,000	2,500	2,500	Jun-24	12.90
500	5,00,000	2,500	2,500	Feb-24	12.90
50	10,00,000	500	500	Jan-24	12.60
1,031	10,00,000	10,310	10,310	Dec-23	12.50 to 12.60
245	10,00,000	2,450	2,450	Oct-23	12.60
1,000	5,00,000	5,000	5,000	Oct-23	12.90
300	10,00,000	3,000	3,000	Feb-23	12.80
1,450	10,00,000	14,500	14,500	Dec-22	12.70 to 12.80
860	5,00,000	4,300	4,300	Sep-22	12.75
2,000	5,00,000	10,000	10,000	Aug-22	12.90
200	5,00,000	1,000	1,000	Mar-22	12.50
700	5,00,000	3,500	3,500	Jan-22	12.50
3,500	5,00,000	17,500	17,500	Dec-21	12.50 to 12.95
320	5,00,000	1,600	1,600	Aug-21	12.50
413	5,00,000	2,065	2,065	Jul-21	12 50
2,021	5,00,000	10,105	10,105	Jun-21	12.50
3,000	5,00,000	15,000	15,000	Oct-20	12.05
		1,40,670	**1,40,670**		

Company can redeem using Call option on the maturity date with prior approval of RBI.

₹ in lakhs

Note : 22 OTHER FINANCIAL LIABILITIES

Particulars	As at September 30, 2019	As at March 31, 2019
Unpaid dividend	67	68
Advance from customers	2,413	1,991
Security deposits received	227	221
Collections towards derecognised assets pending remittance	15,283	4,607
Other liabilities	12,730	14,789
Lease liability (Refer Note 49)	12,627	-
Total	**43,347**	**21,676**

Note : 23 PROVISIONS

Particulars	As at September 30, 2019	As at March 31, 2019
Provision for Employee Benefits		
Compensated absences	4,576	3,578
	4,576	3,578
Other Provisions		
Provision for contingencies and service tax claims (Refer note 40)	3,837	3,837
Provision for expected credit loss towards undrawn commitments (Refer note 40)	128	51
	3,965	3,888
Total	**8,541**	**7,466**

Note : 24 OTHER NON FINANCIAL LIABILITIES

Particulars	As at September 30, 2019	As at March 31, 2019
Deferred rent	-	834
Income received in advance	2,003	2,303
Statutory liabilities	1,497	2,308
Total	**3,500**	**5,445**

₹ in lakhs

NOTE 25 ; EQUITY SHARE CAPITAL*	As at September 30, 2019		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
AUTHORISED				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	1,20,00,00,000	24,000	24,00,00,000	24,000
Preference Shares of ₹ 100 each	5,00,00,000	50,000	5,00,00,000	50,000
		74,000		**74,000**
ISSUED				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	78,25,29,275	15,651	15,64,95,867	15,650
		15,651		**15,650**
SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each (March 2019 - ₹ 10 each) with voting rights	78,18,45,505	15,637	15,63,59,113	15,636
Add : Forfeited Shares	6,54,500	7	1,30,900	6
		15,644		15,642
		15,644		**15,642**

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

Equity Shares	As at September 30, 2019 Nos.	Amount	As at March 31, 2019 Nos.	Amount
At the beginning of the period	15,63,59,113	15,636	15,63,31,371	15,633
Additional shares pursuant to share split during the period	62,54,36,452	-	-	-
Issued during the year - Employees Stock Option (ESOP) Scheme	49,940	1	27,742	3
Outstanding at the end of the period/ year	**78,18,45,505**	**15,637**	**15,63,59,113**	**15,636**
Forfeited shares				
Equity Shares - Amount originally paid up	**6,54,500**	**7**	**1,30,900**	**7**

Terms/rights attached to Equity shares

The Company has only one class of equity shares having a par value of ₹ 2 (March 2019 - ₹10) per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for interim dividend.

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

b) Equity Shares held by Holding Company

	As at September 30, 2019	As at March 31, 2019
Cholamandalam Financial Holdings Limited (formerly known as "TI Financial Holdings Limited")- Holding Company	36,35,40,095	7,25,33,019

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

Equity Shares	As at September 30, 2019 Nos.	% holding in the class	As at March 31, 2019 Nos.	% holding in the class
Cholamandalam Financial Holdings Limited - Holding Company	36,35,40,095	46.50	7,25,33,019	46.39

* During the current period, shares of face value of Rs 10/- each have been split into 5 equity shares of face value of Rs 2/- each

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

₹ in lakhs

NOTE 26: OTHER EQUITY	**As at September 30,2019**	**As at March 31,2019**
Statutory Reserve (Refer Note a)		
Balance at the beginning of the period	1,06,046	82,046
Add: Amount transferred from retained earnings	-	24,000
Closing balance at the end of the period	**1,06,046**	**1,06,046**
Capital Reserve (Refer Note b)		
Balance at the beginning of the period	4	4
Add: Changes during the period	-	-
Closing balance at the end of the period	**4**	**4**
Capital Redemption Reserve (Refer Note c)		
Balance at the beginning of the period	3,300	3,300
Add: Changes during the period	-	-
Closing balance at the end of the period	**3,300**	**3,300**
Securities Premium Account (Refer Note d)		
Balance at the beginning of the period	1,66,850	1,66,680
Add: Premium on ESOPs exercised	34	170
Closing balance at the end of the period	**1,66,884**	**1,66,850**
General Reserve (Refer Note e)		
Balance at the beginning of the period	2,50,967	1,90,967
Add: Amount transferred from retained earnings	-	60,000
Closing balance at the end of the period	**2,50,967**	**2,50,967**
Share Based Payments Reserve (Refer Note f)		
Balance at the beginning of the period	1,861	1,046
Addition during the period	654	815
Closing balance at the end of the period	**2,515**	**1,861**
Retained Earnings (Refer Note g)		
Balance at the beginning of the period	76,848	53,760
Profit for the period	62,211	1,19,806
Less:		
Dividend		
Equity - Final	(3,127)	(3,127)
Equity - Interim	-	(7,036)
Distribution tax on Equity Dividend	(643)	(2,089)
Transfer to Statutory Reserve	-	(24,000)
Transfer to General Reserve	-	(60,000)
Re-measurement Gain / (Loss) on Defined Benefit Obligation (Net) transferred to Retained Earnings	(287)	(466)
Closing balance at the end of the period	**1,35,002**	**76,848**
Cashflow hedge reserve (Refer Note h)		
Balance at the beginning of the period	(1,208)	(2,077)
Addition	(2,467)	869
Closing balance at the end of the period	**(3,675)**	**(1,208)**
FVOCI Reserve (Refer Note i)		
Balance at the beginning of the period	561	1,180
Addition	(338)	(619)
Deduction	-	-
Closing balance at the end of the period	**223**	**561**
Share Application Money pending Allotment at the end of the period (Refer note j)	**4**	**-**
Total Other Equity	**6,61,270**	**6,05,229**

a) Statutory reserve represents the reserve created as per Section 45IC of the RBI Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss account, before any dividend is declared.
During the current period ended September 30, 2019, the amount to the reserve fund has not been transferred as the Management makes such transfers annually as mentioned above.

b) Capital reserve represents the reserve created on account of amalgamation of Chola Factoring Limited in the year 2013-14.

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

d) Securities premium reserve is used to record the premium on issue of shares. The premium received during the period represents the premium received towards allotment of 49,940 shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares, buy back of its own shares and securities in accordance with the provisions of the Companies Act, 2013.

e) The general reserve is a free reserve, retained from Group's profits and can be utilized upon fulfilling certain conditions in accordance with specific requirement of Companies Act, 2013.

f) Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service.

g) The amount that can be distributed by the Group as dividends to its equity shareholders is determined based on the financial position of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported in retained earnings

h) Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges, which shall be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group accounting policies.

i) FVOCI Reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income.

j) Share application money pending allotment as at September 30, 2019 represents amount received towards 23,250 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

₹ in lakhs

	Six months ended September 30, 2019	Six months ended September 30, 2018
Revenue from Operations		
Note: 27A		
(i) Interest - on financial assets measured at amortised cost		
(a) Loans		
-Bills Discounting	329	634
-Term Loans	3,82,150	3,04,882
(b) Bank Deposits		
-Bank Deposits under lien	2,026	2,154
-Other Bank Deposits free of lien	10,808	557
Total (A)	**3,95,313**	**3,08,227**
Note: 27B		
i) Fee & Commission income *		
-Term loans	9,856	8,444
-Others	3,006	2,798
Total (B)	**12,862**	**11,242**
*Services are transferred at a point in time		
Note: 27C		
Net gain on fair value changes on FVTPL - Realised		
-Income from mutual funds	710	**2,237**
Total (C)	**710**	**2,237**
Note: 27D		
(i)Sale of Services (Refer note below)		
(a) Servicing and Collection fee on Assignment	155	119
(b) Other Service Income	3,542	4,902
(c) Freight Income	-	3,495
Total (D)	**3,697**	**8,516**
Note: Timing of revenue recognition		
Services transferred at a point in time	3,397	8,216
Services transferred over a time	300	300
Total	**3,697**	**8,516**

Details related to services transferred over a time

a) Contract balances

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Contract Liabilities	1,941	2,241

Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) we perform under the contract.

b) Movement in Contract liability during the period as follows

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Contract liability at the beginning of the period	2,241	2,847
Revenue Recognised during the period	300	300
Contract liability at the end of the period	1,941	2,547

c) Total Revenue from contracts with Customer

Particulars	**Six months ended September 30,2019**	**Six months ended September 30,2018**
Total Revenue from contracts with Customer*	16,559	19,758

*Represents fee income (note 27 B) and sale of services (note 27 D)

d) Due to Group's nature of business and the type of contracts entered with the customers, the Company does not have any difference between the amount of revenue recognized in the statement of profit and loss and the contracted price.

e) Impairment recognised for Contract asset is Nil (Nil - March 31, 2019)

₹ in lakhs

f) Performance Obligation:

- Servicing and Collection fee on Assignment: to collect the receivable from the customer and transfer the same to the assignee representative.
- Other Service Income: To provide required details to the customer and enable space for advertising at the branches.

g) There are no significant return / refund / other obligations for any of the above mentioned services.

Note : 28 OTHER INCOME

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Dividend Income from long-term investments	16	20
Rent	9	14
Miscellaneous Income	1	25
Total	**26**	**59**

Note : 29 FINANCE COSTS

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Interest on financial liabilities measured at amortised cost		
- Debt Securities	57,519	68,406
- Borrowings Other than Debt securities	1,46,639	79,507
- Subordinated Liabilities	21,112	16,577
Others		
- Bank charges	595	686
- Interest on lease liability	579	-
Total	**2,26,444**	**1,65,176**

Note : 30 IMPAIRMENT ON FINANCIAL INSTURMENTS

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Loss Assets Written Off (Net) / disposal of repossessed assets	12,510	10,892
Impairment provision- Loans - measured at amortised cost	7,959	5,066
Total	**20,469**	**15,958**

₹ in lakhs

Note : 31 EMPLOYEE BENEFITS EXPENSE

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Salaries, Bonus and Commission	30,699	27,578
Contribution to Provident and Other Funds		
-Employees' Provident Fund	1,391	1,057
-Superannuation Fund	152	113
Share based employee payments	658	318
Gratuity Expense (Refer note 36)	374	260
Staff Welfare Expenses	858	790
Total	**34,132**	**30,116**

Note : 32 OTHER EXPENSES

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Rent and facility charges	449	2,621
Rates and Taxes	740	328
Energy cost	770	668
Repairs and Maintenance	201	139
Communication Costs	1,390	1,325
Business development expense	13	14
Brokerage	68	109
Freight charges	-	3,369
Printing and Stationery	665	599
Advertisement and publicity Expenses	751	394
Directors Fees, allowances and expenses	49	15
Auditors' Remuneration	57	20
Legal and Professional Charges	2,129	2,529
Insurance	802	564
Travelling and Conveyance	2,817	2,062
Information Technology Expenses	1,156	1,383
Loss on Sale of Property, Plant and Equipment (Net)	14	14
Recovery Charges	13,184	8,669
Corporate Social Responsibility Expenditure	357	734
Outsource cost	12,331	5,928
Miscellaneous Expenses	1,003	502
	38,946	31,986
Less : Expenses Recovered	(125)	(111)
Total	**38,821**	**31,875**

32.1 Details of CSR expenditure

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013	2,941	2,306
Amount spent during the year		
(a) Construction/ acquisition of asset	-	-
(b) Others	357	734

32.2 Auditors Remuneration

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Statutory Audit	-	-
Interim Audit & Limited Review	6	5
Other Services	43	10
Reimbursement of Expenses(incl. input tax credit expensed)	8	5
Total	**57**	**20**

₹ in lakhs

32.3 Micro, Small & Medium Enterprises

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSME as at September 30. 2019 and as at March 31. 2019.
The relevant particulars are furnished below:

Particulars	As at September 30, 2019	As at March 31, 2019
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-
Total	-	-

32.4 Foreign Currency Payments

a) Expenditure in Foreign Currencies

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Travel	3	13
Membership fees	3	2
Interest on borrowings	1,489	-
License fees	26	21
Professional charges	171	102
Total	**1,692**	**138**

b) Remittances in Foreign Currencies

Particulars	Six months ended September 30,2019	Six months ended September 30,2018
Purchase of fixed assets	829	434
Borrowing related origination costs	2,711	4
Total	**3,540**	**438**

c) There is no dividend paid in foreign currency

33. Earnings per share

Particulars	Period ended September 30, 2019	Period ended September 30, 2018
Profit After Tax (₹ in lakhs)	**62,211**	**57,936**
Preference Dividend Paid (including tax thereon) (₹ in lakhs)	-	-
Profit After Tax Attributable to Equity Shareholders (₹ in lakhs)	**62,211**	**57,936**
Weighted Average Number of Equity Shares (Basic)	78,18,13,887	78,17,01,535
Add: Dilutive effect relating to ESOP/CCPS	815,854	986,255
Weighted Average Number of Equity Shares (Diluted)	78,26,29,741	78,26,87,790
Earnings per Share - Basic (₹)	**7.96**	**7.41**
Earnings per Share - Diluted (₹)	**7.95**	**7.40**
Face Value Per Share (₹)	2.00	2.00

Note:

Earnings per Share calculations are in accordance with Ind AS 33 "Earnings per Share". Equity shares have been divided into face value of 2 per share in pursuant to resolution passed through postal ballot for which the results have been recorded on June 17, 2019 and consequently, the number of equity shares for the six months ended September 30, 2018 have been retrospectively adjusted as required by Ind AS 33.

34. Income tax reconciliation

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the period ended September 30, 2019 and September 30, 2018, is as follows:

₹ in lakhs

Particulars	Period ended	
	September 30, 2019	September 30, 2018
Accounting profit before tax from continuing operations	100,795	88,827
Income tax rate of 25.168% (September 30, 2018: 34.944%)	25,370	31,040
Effects of:		
Impact of difference in tax base for Donations & CSR expense	169	257
Share based payment expense – No deduction claimed under tax	170	109
Impact of Deduction u/s 80JJA	-	(180)
Other adjustments	2	(335)
Effect of change in substantively enacted tax rate on Deferred tax	12,844	-
Income tax expense reported in consolidated statement of Profit and Loss	38,555	30,891

35. Transfer of financial assets

35.1 Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

A) Securitisation

The Group has Securitised certain loans, however the Group has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost	5,45,252	5,64,273
Carrying amount of associated liabilities (Borrowings other than Debt securities - measured at amortised cost)	5,27,276	5,49,261
Fair value of assets	5,38,542	5,87,198
Fair value of associated liabilities	5,30,967	5,50,860
Net position at Fair Value	7,575	36,338

B) Direct bilateral assignment

The Group has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Group's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Assignment		
Carrying amount of de-recognised financial asset	3,60,058	1,67,117
Carrying amount of Retained Assets at amortised cost	40,169	19,020

₹ in lakhs

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Assignment		
Gain on sale of the de-recognised financial asset	13,168	4,288

35.2 Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

36. Retirement Benefit

A) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions and where there is no legal or constructive obligation to pay further contributions. During the period, the Group recognised Rs 1,391 lakhs (Previous period - Rs 1,057 lakhs) to Provident Fund under Defined Contribution Plan, Rs 152 lakhs (Previous period - Rs 113 lakhs) for Contributions to Superannuation Fund and Rs 70 lakhs (Previous period - Rs 129 lakhs) for Contributions to Employee State Insurance Scheme in the Statement of Profit and Loss.

B) Gratuity

The Group's defined benefit gratuity plan requires contributions to be made to a separately administered fund. The gratuity plan is funded with Life Insurance Corporation of India (LIC). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Change in Defined Benefit Obligation and Fair Value of Plan assets:

₹ in lakhs

Particulars	Period ended September 30, 2019	Year ended March 31, 2019
Defined Benefit Obligation at the beginning of the period	**4,586**	**3,152**
Current Service Cost	340	716
Interest Cost	161	240
Remeasurement Losses/(Gains)		
a) Effect of changes in financial assumptions	196	88
b) Effect of experience adjustments	165	550
Benefits paid	(102)	(177)
Transfer in / Out	-	17
Defined Benefit Obligation at the end of the period	**5,346**	**4,586**
Change in Fair Value Plan Assets		
Fair Value of Plan Assets at the Beginning of the period	3,555	3,480
Expected Returns on Plan Assets	127	264
Employer's Contribution	98	43
Benefits Paid	(102)	(177)

Notes forming part of the Interim Consolidated Ind AS Financial statements for the six months ended September 30, 2019

₹ in lakhs

Particulars	Period ended September 30, 2019	Year ended March 31, 2019
Return on plan assets (excluding amount recognized in net interest expense)	(20)	(72)
Transfer in / Out	-	17
Fair Value of Plan Assets at the end of the period	**3,658**	**3,555**
Amount Recognised in the Balance Sheet		
Fair Value of Plan Assets as at the End of the Period	3,658	3,555
Defined Benefit Obligation at the End of the Period	5,346	4,586
Amount Recognised in the Balance Sheet	**1,688**	**(1,031)**
Cost of the Defined Benefit Plan for the period		
Current Service Cost	340	716
Net interest expense	161	234
Expected Return on Plan Assets	(127)	(258)
Net Cost recognized in the statement of Profit and Loss	**374**	**692**
Remeasurement Losses /(Gains)		
a) Effect of changes in financial assumptions	196	87
b) Effect of experience adjustments	165	550
c) Return on plan assets (excluding interest income)	20	72
Net cost recognised in Other Comprehensive Income	**381**	**709**
Assumptions		
Discount Rate	6.70% p.a.	7.30% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a.	13% p.a
Expected rate of return on Plan Assets	7.50% p.a.	7.50% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate
Maturity profile of Defined Benefit Obligations		
Weighted average duration (Based on discounted cash flows)	6 Years	6 Years
Expected Cash flows over the subsequent periods:		
(valued on discounted basis)		
Within the next 12 months (next annual reporting period)	605	555
Between 2 and 5 years	2,619	2,300
Between 5 and 10 years	2,536	2,289
Beyond 10 Years	3,069	2,758
Total Expected Cash flows	**8,829**	**7,902**

Sensitivity Analysis:

Particulars	September 30, 2019		March 31, 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount Rate (+/- 1%)	5,030	5,685	4,297	4,825
Salary Growth Rate (+/- 1%)	5,648	5,051	4,844	4,279
Attrition Rate (+/- 50% of attrition rates)	5,195	5,518	4,454	4,648
Mortality Rate (+/- 10% of mortality rates)	5,339	5,339	4,456	4,456

Notes:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. The Group's best estimate of contribution during the next year is ₹ 2,623 lakhs (March 31, 2019 -1,793 lakhs).
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
4. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

C) Compensated Absences

Assumptions	September 30, 2019	March 31, 2019
Discount Rate	6.70% p.a.	7.60% p.a.
Future salary increase	7.50% p.a.	7.50% p.a.
Attrition Rate		
- Senior management	13% p.a.	13% p.a.
- Middle management	13% p.a.	13% p.a.
- Others	13% p.a	13% p.a.
Mortality	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2006-08) Ultimate

Notes:

1. The Group has not funded its Compensated Absences liability and the same continues to remain as unfunded as at September 30, 2019.
2. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
3. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

37. Segment Information

The Group is primarily engaged in the business of financing. All the activities of the Group revolve around the main business. Further, the Group does not have any separate geographic segments other than India

During period ended September 30, 2019, for management purposes, the Group has been organised into three operating segments based on products and services, as follows

- Vehicle Finance Loans - Loans to customers against purchase of new/used vehicles, tractors, construction equipments and loan to automobile dealers.
- Home Equity - Loans to customer against immovable property
- Others - Loans given for acquisition of residential property, loan against shares, and other unsecured loans & security broking and insurance agency business.

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes are managed on an entity as whole basis and are not allocated to operating segments.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 37: Segment reporting

₹ in lakhs

	Six months ended September 30, 2019				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
Interest Income	3,07,677	58,684	16,119	12,833	3,95,313
Net gain on derecognition of financial instruments under amortised cost category	2,918	4,079	6,171	-	13,168
Fee Income	8,864	905	3,094	(1)	12,862
Net gain on Fair value change on financial instrument	-	-	4	706	710
Sale of Services	3,259	324	114	-	3,697
Segment revenue from Operations (I)					
Other income (II)	-	-	16	10	26
Total Segment Income (I) + (II)	**3,22,718**	**63,992**	**25,518**	**13,548**	**4,25,776**
Expenses					
Finance costs	1,72,689	38,869	8,798	6,088	2,26,444
Impairment of Financial Instruments	19,667	(267)	333	736	20,469
Employee benefits expense	26,196	3,419	4,405	112	34,132
Depreciation and amortisation expense	4,382	434	299	-	5,115
Other expenses	33,126	2,734	1,768	1,193	38,821
Segment Expenses	**2,56,060**	**45,189**	**15,603**	**8,129**	**3,24,981**
Segment Profit before taxation	**66,658**	**18,803**	**9,915**	**5,419**	**1,00,795**
Tax expense					**38,555**
Share of loss from associate					**(29)**
Profit for the year					**62,211**

	Six months ended September 30, 2018				
Particulars	**Vehicle finance**	**Home equity**	**Others**	**Unallocable**	**Total**
Revenue from Operations					
Interest Income	2,42,789	52,574	10,205	2,659	3,08,227
Net gain on derecognition of financial instruments under amortised cost category	-	4,288	-	-	4,288
Fee Income	7,473	937	2,836	(4)	11,242
Net gain on Fair value change on financial instrument	-	-	74	2,163	2,237
Sale of Services	4,578	114	3,496	328	8,516
Segment revenue from Operations (I)					
Other income (II)	-	-	29	30	59
Total Segment Income (I) + (II)	**2,54,840**	**57,913**	**16,640**	**5,176**	**3,34,569**
Expenses					
Finance costs	1,31,731	34,065	5,419	(6,039)	1,65,176
Impairment of Financial Instruments	14,689	(858)	2,127	-	15,958
Employee benefits expense	24,049	2,253	3,710	104	30,116
Depreciation and amortisation expense	2,303	209	105	-	2,617
Other expenses	22,331	2,585	5,897	1,062	31,875
Segment Expenses	**1,95,103**	**38,254**	**17,258**	**(4,873)**	**2,45,742**
Segment Profit before taxation	**59,737**	**19,659**	**(618)**	**10,049**	**88,827**
Tax expense					**30,891**
Profit for the year					**57,936**

Note 37: Segment reporting

₹ in lakhs

Particulars	Vehicle finance	Home equity	Others	Unallocable	Total
As on September 30, 2019					
Segment Assets	43,07,127	10,33,054	2,35,682		55,75,863
Unallocable Assets				7,76,546	7,76,546
Total Assets					**63,52,409**
Segment Liabilities	38,49,742	9,23,351	2,08,319		49,81,412
Unallocable Liabilities				6,94,083	6,94,083
Total Liabilities					**56,75,495**
As on March 31, 2019					
Segment Assets	40,58,768	9,95,439	2,12,908		52,67,115
Unallocable Assets				4,81,897	4,81,897
Total Assets					**57,49,012**
Segment Liabilities	36,70,570	9,00,231	1,89,863		47,60,664
Unallocable Liabilities				3,67,483	3,67,483
Total Liabilities					**51,28,147**

In computing the segment information, certain estimates and assumptions have been made by the management, which have been relied upon.

As the asset are allocated to segment based on certain assumptions, hence additions to the Property, plant and equipment have not disclosed separately for each specific segment.

There are no revenue from transactions with a single external customer or counter party which amounted to 10% or more of the Group's total revenue in the Current and Previous period.

38. Related Party Disclosures

List of Related Parties:

- **Holding Company:** Cholamandalam Financial Holdings Limited (formerly known as TI Financial Holdings Limited)
- **Entity having significant influence over holding Company:** Ambadi Investments Limited
- **Subsidiaries of Entity having significant influence over holding Company:** Parry Enterprises Limited and Parry Agro Limited.
- **Fellow Subsidiaries:** Cholamandalam MS General Insurance Limited, Cholamandalam Health Insurance Limited
- **Joint Venture of Holding Company:** Cholamandalam MS Risk services Limited
- **Associate**: White Data Systems India Private Limited (Effective Oct' 2018)
- **Key Managerial Personnel**:
  a) Mr. N Srinivasan, Executive Vice Chairman and Managing Director (upto August 18, 2018);
  b) Mr. Arun Alagappan, Executive Director
  c) Mr. D. Arulselvan, Chief Financial Officer
  d) Ms. P.Sujatha, Company Secretary
- **Non-Executive Directors**
  1. Mr. M B N Rao (upto July 26, 2018)
  2. Mr. V Srinivasa Rangan (upto March 31, 2019)
  3. Ms. Bharati Rao (up to July 30, 2019)
  4. Mr. Ashok Kumar Barat
  5. Mr. M M Murugappan (From May 31, 2018)
  6. Mr. N Ramesh Rajan (From October 30, 2018)
  7. Mr. Rohan Verma (From March 25, 2019)
  8. Ms. Bhama Krishnamurthy (From July 30, 2019)

Note:

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

a) Transactions during the period

₹ in lakhs

Particulars	Six months ended September 30, 2019	Six months ended September 30, 2018
Dividend Payments (Equity Shares)		
a) Cholamandalam Financial Holdings Limited	1,454	1,445
b) Ambadi Investments Limited	135	145
c) Parry enterprises Limited	0*	0*
Amount received towards reimbursement of expenses		
a) Cholamandalam Financial Holdings Limited	42	35
b) Cholamandalam MS General Insurance Company Limited	3	-
c) White Data Systems India Private Limited	-	14
Services Received		
a) Cholamandalam MS General Insurance Company Limited	42	29
b) Parry Enterprises Limited	297	388
c) White Data Systems India Private Limited	14	10
Services rendered		
a) Cholamandalam MS General Insurance company Limited	1,938	1,653
b) Ambadi Investments Limited	1	3
c) Cholamandalam Financial Holdings Limited	0*	0*
Expense recovered – Rent		
a) Cholamandalam MS General Insurance Company Ltd	29	27
b) Parry enterprises Limited	0*	-
c) Cholamandalam MS Risk Services Limited	0*	-
Loans given		
a) White Data Systems India Private Limited	-	461
Loans recovered	-	688
a) White Data Systems India Private Limited		
Interest Expense		
a) Cholamandalam MS General Insurance company Limited	496	995
Interest Income		
a) White Data Systems India Private Limited	14	-
Commission and Sitting fees to non-executive Directors	48	37

b) Balances Outstanding at the period end.

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Rental Deposit Receivable / (Payable)		
a) Cholamandalam MS General Insurance Limited	(21)	(21)
Loans - Receivable		
a) White Data Systems India Private Limited	340	340
Debt Securities - Payable		
a) Cholamandalam MS General Insurance Company Limited	(19,838)	(22,249)
Other Receivable / (Payable)		
a) Cholamandalam Financial Holdings Limited	0*	-
b) Cholamandalam MS General Insurance Company Limited	354	650
c) White Data Systems India Private Limited	(9)	-
d) Parry Enterprises Limited	0*	-
e) Cholamandalam MS Risk Services Limited	0*	-

c) Key Managerial Personnel

₹ in lakhs

Nature of Transaction	Six months ended September 30, 2019	Six months ended September 30, 2018
Short- term employee benefits	304	524
Post-employment pension (defined Contribution)	29	54
Dividend Payments	15	15
Share based payments	20	30

* Represents amounts less than ₹ 1 lakh

39. Contingent Liabilities and Commitments

(a) Contested Claims not provided for:

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Income tax and Interest on Tax issues where the Group has gone on appeal	17,316	17,316
Decided in the Group's favour by Appellate Authorities and for which the Department is on further appeal with respect to Income Tax	21,292	21,292
Sales Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	2,657	5,081
Service Tax issues pending before Appellate Authorities in respect of which the Group is on appeal.	19,978	19,978

Particulars	As at September 30, 2019	As at March 31, 2019
Disputed claims against the Group lodged by various parties under litigation (to the extent quantifiable)	8,553	6,761
Order in respect of alleged violations of the Provisions of SEBI Act	7	7
Disputed claims pertaining to Service Tax payable on turnover charges and ineligible Service Tax Input Credit	68	68

i) The Group is of the opinion that the above demands are not sustainable and expects to succeed in its appeals / defence.
ii) It is not practicable for the Group to estimate the timings of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
iii) The Group does not expect any reimbursement in respect of the above contingent liabilities.
iv) Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

b) Commitments

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2019
Capital commitments	1,776	1,807
Investment commitment to Faering Capital India Evolving Fund	16	16
Disbursements – Undrawn lines	83,569	73,345

c) The Supreme Court had passed judgement on 28th February 2019 that all allowances paid to employees are to be considered for the purposes of PF wage determination. There are numerous interpretative issues relating to the above judgement. As a matter of caution, the Group has complied the same on prospective basis from the date of the SC order.

c) Bank Guarantee:

₹ in lakhs

Particulars	As at September 30, 2019	As at March 31, 2018
Outstanding bank guarantees given to stock exchanges/stock holding corporation of India limited to meet margin requirements	1,639	1,639

40. Changes in Provisions

₹ in lakhs

Particulars	As at March 31, 2019	Additional Provision	Utilisation / Reversal	As at September 30, 2019
Provision for Contingencies and Service Tax claims	3,837	1	-	3,838
Provision for Expected credit loss allowance towards Undrawn commitments	51	77	-	128

₹ in lakhs

Particulars	As at April 01, 2018	Additional Provision	Utilisation Reversal	As at March 31, 2019
Provision for Contingencies and Service Tax claims	3,813	24	-	3,837
Provision for Expected credit loss allowance towards Undrawn commitments	12	39	-	51

Undrawn loan commitments are commitments under which the Group is required to provide a loan under pre-sanctioned terms to the customer.

The undrawn commitments provided by the Group are predominantly in the nature of limits provided for Automobile dealers based on the monthly loan conversions and partly disbursed loans for immovable properties. These undrawn limits are converted within a short period of time and do not generally remain undisbursed / undrawn beyond one year from the reporting date. The undrawn commitments amount outstanding as at September 30, 2019 is ₹ 83,569 lakhs (₹ 73,345 lakhs as at March 31, 2019).

The Group creates expected credit loss provision on the undrawn commitments outstanding as at the end of the reporting period and the related expected credit loss on these commitments as at September 30, 2019 is ₹ 128 lakhs (₹ 51 lakhs as at March 31, 2019).

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019
41-ESOP Disclosure

ESOP 2007

The Board at its meeting held on June 22, 2007, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Capital of the Company (before Rights Issue) aggregating to 1,904,162 Equity Shares (prior to share split) in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines.

ESOP 2016

The Board 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 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 Group has recognised expense amounting to ₹658 lakhs for employees services received during the year, shown under Employee Benefit Expenses (Refer Note 31).

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

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding	During the period				Options outstanding	Options vested but not exercised	Options unvested	Exercise Price	Weighted Average Remaining Contractual Life
		As at 31-Mar-2019	Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	As at 30-Sep-2019	As at 30-Sep-2019	As at 30-Sep-2019		
Gt 25 Apr 2008	25-Apr-08	-	-	-	-	-	-	-	-	38	-
GT 27 JAN 2011A	27-Jan-11	9,163	36,652	-	-	-	45,815	45,815	-	38	-
GT 27 JAN 2011B	27-Jan-11	5,976	23,904	-	-	29,880	-	-	-	38	-
GT 30 APR 2011	30-Apr-11	7,948	31,792	-	-	-	39,740	39,740	-	33	-
GT 27 OCT 2011	27-Oct-11	7,936	31,744	-	-	9,920	29,760	29,760	-	31	-
Total		**31,023**	**1,24,092**	**-**	**-**	**39,800**	**1,15,315**	**1,15,315**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding	During the period				Options outstanding	Options vested but not	Options unvested	Exercise Price	Weighted Average Remaining Contractual Life
		As at 31-Mar-2019	Addition in number of options on account of share split*	Options Granted	Options Forfeited/ Expired	Options Exercised and allotted	As at 30-Sep-2019	As at 30-Sep-2019	As at 30-Sep-2019		
GT25JAN2017	25-Jan-17	4,72,842	18,91,368	-	-	10,140	23,54,070	8,41,950	15,12,120	202	0.82 years
GT30JAN2018	30-Jan-18	49,040	1,96,160	-	-	-	2,45,200	61,300	1,83,900	262	0.84 years
GT30JAN2018A	30-Jan-18	17,960	71,840	-	-	-	89,800	17,960	71,840	262	1.46 years
GT23APR2018	23-Apr-18	8,980	35,920	-	-	-	44,900	8,980	35,920	312	1.69 years
GT26JUL2018	26-Jul-18	54,972	2,19,888	-	-	-	2,74,860	68,715	2,06,145	299	1.32 years
GT30OCT2018	30-Oct-18	73,460	2,93,840	-	-	-	3,67,300	-	3,67,300	254	1.78 years
GT19MAR2019	19-Mar-19	1,17,692	4,70,768	-	-	-	5,88,460	-	5,88,460	278	2.17 years
GT30JUL2019	30-Jul-19	-	-	31,632	-	-	31,632	-	31,632	248	1.33 years
Total		**7,94,946**	**31,79,784**	**31,632**	**-**	**10,140**	**39,96,222**	**9,98,905**	**29,97,317**		

* During the current period, shares of face value of Rs 10/- each have been split into 5 equity shares of face value of Rs 2/- each

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
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41-ESOP Disclosure
The movement in Stock Options during the previous year are given below:

Employee Stock Option Plan 2007

Particulars	Date of Grant	Options outstanding As at 31-Mar-2018	During the Year 2018-19			Options outstanding As at 31-Mar-2019	Options vested but not exercised As at 31-Mar-2019	Options unvested As at 31-Mar-2019	Exercise Price	Weighted Average Remaining Contractual Life
			Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
Gt 30 Jul 2007	30-Jul-07	-	-	-	-	-	-	-		
Gt 25 Jan 2008	25-Jan-08	-	-	-	-	-	-	-		
Gt 25 Apr 2008	25-Apr-08	300	-	-	300	-	-	-	192	-
GT 27 JAN 2011A	27-Jan-11	15,625	-	-	6,462	9,163	9,163	-	188	-
GT 27 JAN 2011B	27-Jan-11	5,976	-	-	-	5,976	5,976	-	188	-
GT 30 APR 2011	30-Apr-11	14,357	-	400	6,009	7,948	7,948	-	163	-
GT 27 OCT 2011	27-Oct-11	8,036	-	-	100	7,936	7,936	-	155	-
Total		**44,294**	**-**	**400**	**12,871**	**31,023**	**31,023**	**-**		

Employee Stock Option Plan 2016

Particulars	Date of Grant	Options outstanding As at 31-Mar-2018	During the Year 2018-19			Options outstanding As at 31-Mar-2019	Options vested but not exercised As at 31-Mar-2019	Options unvested As at 31-Mar-2019	Exercise Price	Weighted Average Remaining Contractual Life
			Options Granted	Options Forfeited/ Expired	Options Exercised and allotted					
GT25JAN2017	25-Jan-17	5,22,653	-	34,940	14,871	4,72,842	1,70,418	3,02,424	1,010	1.32 years
GT30JAN2018	30-Jan-18	55,920	-	6,880	-	49,040	12,260	36,780	1,310	1.34 years
GT30JAN2018A	30-Jan-18	26,940	-	8,980	-	17,960	3,592	14,368	1,310	1.96 years
GT23APR2018	23-Apr-18	-	8,980	-	-	8,980	-	8,980	1,562	1.77 years
GT26JUL2018	26-Jul-18	-	54,972	-	-	54,972	-	54,972	1,497	1.45 years
GT30OCT2018	30-Oct-18	-	73,460	-	-	73,460	-	73,460	1,269	2.29 years
GT19MAR2019	19-Mar-19	-	1,17,692	-	-	1,17,692	-	1,17,692	1,390	2.67 years
Total		**6,05,513**	**2,55,104**	**50,800**	**14,871**	**7,94,946**	**1,86,270**	**6,08,676**		

The following tables list the inputs to the Black Scholes model used for the plans for the period ended 30th September 2019:

ESOP 2007

Date of Grant	Variables					
	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share in the Market at the time of the Option Grant (₹)	Fair Value of the Option (₹)
30-Jul-07	7.10% - 7.56%	3-6 years	40.64% -43.16%	5.65%	193.40	61.42
24-Oct-07	7.87% -7.98%	3-6 years	41.24% -43.84%	5.65%	149.90	44.25
25-Jan-08	6.14% -7.10%	3-6 years	44.58% -47.63%	5.65%	262.20	78.15
25-Apr-08	7.79% - 8.00%	2.5-5.5 years	45.78% - 53.39%	3.97%	191.80	76.74
30-Jul-08	9.14% - 9.27%	2.5-5.5 years	46.52% - 53.14%	3.97%	105.00	39.22
24-Oct-08	7.54% - 7.68%	2.5-5.5 years	48.2% - 55.48%	3.97%	37.70	14.01
27-Jan-11 - Tranche I - Tranche II	 8% 8%	 4 years 3.4 years	 59.50% 61.63%	 10% 10%	 187.60 187.60	 94.82 90.62
30-Apr-11	8%	4 years	59.40%	25%	162.55	73.07
28-Jul-11	8%	4 years	58.64%	25%	175.35	79.17
27-Oct-11	8%	4 years	57.52%	25%	154.55	67.26

41-ESOP Disclosure

The shareholders of the Company, at the 34th Annual General Meeting held on July 30, 2012, authorised extension of exercise period from 3 years from the date of vesting to 6 years from the date of vesting. Accordingly, the Company has measured the fair value of the options using the Black Scholes model immediately before and after the date of modification to arrive at the incremental fair value arising due to the extension of the exercise period. The incremental fair value so calculated is recognised from the modification date over the vesting period in addition to the amount based on the grant date fair value of the stock options.

The incremental (benefit)/cost due to modification of the exercise period from 3 years to 6 years from the date of vesting for the period ended September 30, 2019 is ₹ Nil (March 31,2019- ₹ Nil)

The fair value of the options has been calculated using the Black Scholes model on the date of modification.

The assumptions considered for the calculation of the fair value (on the date of modification) are as follows:

Variables	Post Modification
Risk Free Interest Rate	7.92%-8.12%
Expected Life	0.12 years- 6.25 years
Expected Volatility	28.28%-63.00%
Dividend Yield	1.18%
Price of the underlying share in market at the time of the option grant.(₹)	212.05

ESOP 2016

	Variables					
Date of Grant	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-Jan-17	6.36% - 6.67%	3.5 -6.51 years	33.39% -34.47%	0.54%	1,010.00	401.29
30-Jan-18	7.11%-7.45%	3.5 - 5.50 years	30.16%-31.46%	0.42%	1,309.70	496.82
30-Jan-18	7.11%-7.45%	3.5 - 5.50 years	30.16%-31.46%	0.42%	1,309.70	531.84
23-Apr-18	7.45%-7.81%	3.51 -6.51 years	30.33%-32.38%	0.42%	1,562.35	646.08
26-Jul-18	7.71%-7.92%	3.51 -5.51 years	30.56%-31.83%	0.43%	1,497.30	586.32
30-Oct-18	7.61%-7.85%	3.51 -6.51 years	32.34%-32.70%	0.51%	1,268.50	531.36
19-Mar-19	6.91% - 7.25%	3.51 -6.51 years	32.19% -32.59%	0.47%	1,390.05	564.13
30-Jul-19	6.15% - 6.27%	3.51 -4.51 years	32.21% -32.93%	0.52%	248.20	83.66*

* Fair value option of equity shares issued under this grant is post share split with a face value of Rs 2/- each

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 42 - Change in liabilities arising from financing activities

₹ in lakhs

Particulars	April 1, 2019	Cash flows	Exchange Difference	Other	September 30, 2019
Liabilities	50,56,674	5,27,353	8,530	(2,209)	55,90,348

₹ in lakhs

Particulars	April 1, 2018	Cash flows	Exchange Difference	Other	March 31, 2019
Liabilities	38,33,034	12,20,048	13,779	(10,072)	50,56,674

(i) Others column represents the effect of interest accrued but not paid on borrowing, amortisation of processing fees etc
(ii) Liabilities represents of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 43 Maturity Analysis
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

	Amount	Maturity Within 12 months	Maturity After12 months
As on September 30, 2019			
Financial Assets			
Cash and Cash Equivalents	5,54,899	5,54,899	-
Bank balances Other than Cash and Cash Equivalents	77,139	40,847	36,292
Derivative financial instruments	13,272	12,798	474
Receivables			-
i) Trade Receivables	3,341	3,341	-
ii) Other Receivables	4,362	4,362	-
Loans	55,69,461	17,57,684	38,11,777
Investments			
i) Associate	2,490	-	2,490
ii) Others	1,288	40	1,248
Other Financial Assets	31,771	15,062	16,709
Total Financial Assets	**62,58,023**	**23,89,033**	**38,68,990**
Non- Financial Assets			
Current tax assets (Net)	21,839	-	21,839
Deferred tax assets (Net)	38,558	-	38,558
Investment Property	47	-	47
Property, Plant and Equipment	27,348	-	27,348
Intangible assets under development	1,032	-	1,032
Other Intangible assets	2,184	-	2,184
Other Non-Financial Assets	3,378	2,599	779
Total Non- Financial Assets	**94,386**	**2,599**	**91,787**
Financial Liabilities			
Derivative financial instruments	1,260	-	1,260
Payables			-
i) Trade Payables	21,653	21,653	-
ii) Other Payables	6,846	6,846	-
Debt Securities	13,28,090	9,42,858	3,85,232
Borrowings(Other than Debt Securities)	38,56,945	9,48,083	29,08,862
Subordinated Liabilities	4,05,313	43,596	3,61,717
Other Financial Liabilities	43,347	35,161	8,186
Total Financial Liabilities	**56,63,454**	**19,98,197**	**36,65,257**
Non-Financial Liabilities			
Provisions	8,541	8,541	-
Other Non-Financial Liabilities	3,500	2,096	1,404
Total Non-Financial Liabilities	**12,041**	**10,637**	**1,404**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 43 Maturity Analysis
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in lakhs

		Maturity	
	Amount	Within 12 months	After12 months
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	3,16,435	3,16,435	-
Bank balances Other than Cash and Cash Equivalents	54,411	20,500	33,911
Derivative financial instruments	8,869	7,229	1,640
Receivables			-
i) Trade Receivables	4,128	4,128	-
ii) Other Receivables	3,908	3,908	-
Loans	52,61,077	16,40,761	36,20,316
Investments			
i) Associate	2,519	-	2,519
ii) Others	1,631	-	1,631
Other Financial Assets	13,896	5,506	8,390
Total Financial Assets	**56,66,874**	**19,98,467**	**36,68,407**
Non- Financial Assets			
Current tax assets (Net)	16,181	-	16,181
Deferred tax assets (Net)	46,012	-	46,012
Investment Property	47	-	47
Property, Plant and Equipment	14,464	-	14,464
Intangible assets under development	1,397	-	1,397
Other Intangible assets	2,220	-	2,220
Other Non-Financial Assets	1,817	1,121	696
Total Non- Financial Assets	**82,138**	**1,121**	**81,017**
Financial Liabilities			
Derivative financial instruments	841	-	841
Payables			
i) Trade Payables	23,145	23,145	-
ii) Other Payables	12,894	12,894	-
Debt Securities	14,18,431	9,59,024	4,59,407
Borrowings(Other than Debt Securities)	32,12,375	8,65,072	23,47,303
Subordinated Liabilities	4,25,868	47,164	3,78,704
Other Financial Liabilities	21,676	21,404	272
Total Financial Liabilities	**51,15,230**	**19,28,703**	**31,86,527**
Non-Financial Liabilities			
Provisions	7,466	7,466	-
Other Non-Financial Liabilities	5,445	3,360	2,085
Total Non-Financial Liabilities	**12,911**	**10,826**	**2,085**

Note 44: Non-Controlling Interest

₹ in lakhs

Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Balance at the beginning of the year	-	34
Share of loss	-	(147)
Share of other comprehensive income	-	-
Adjustment on account of loss of control in subsidiary*	-	113
Balance at the end of the year	-	-

* During the previous year ended March 31, 2019, pursuant to investment by another entity in WDSI, the Group's interest in WDSI has reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI. In view of this change in status, the retained interest of the Group in WDSI, Company has de-recognised the non-controlling interest.

Note 45 :Investment in an associate

As at March 31, 2018, the Group had 63% interest in White Data Systems India Private Limited ("WDSI") and this entity was treated as a subsidiary in the consolidated financial statements. During the Financial year ended March 31, 2019, pursuant to investment by another entity in WDSI, the Group's interest in WDSI had reduced from 63% to 30.87%, consequently resulting in loss of control of the Group in WDSI (w.e.f October 01, 2018). In view of this change in status, the retained interest of the Group in WDSI aggregating to 30.87% interest had been fair valued and a resultant fair value gain of Rs. 2,029 lakhs had been recognised in the consolidated statement of profit and loss for the year ended March 31, 2019.

Particulars	**₹ in lakhs**
Fair value of Net assets on the date of Investment by other entity	8,274
Group's share on the date of loss of control	30.87%
Fair value of Net assets attributable to Group	2,554
Add: Net liabilities on the date of loss of control	278
Less: Minority Interest	(103)
Less: Goodwill recognised earlier on acquisition of WDSI	(700)
Fair value gain on loss of control in subsidiary	**2,029**

The Group had recognised the value of investment in associate at fair value on the date of loss of control and the same is carried at cost as at reporting date.

		₹ in lakhs
Particulars	**As at September 30, 2019**	**As at March 31, 2019**
Value of Investment in Subsidiary on the date of loss of control	2,554	2,554
Less: Cumulative Share of Loss of from Associate	(64)	(35)
Closing value of Investment	**2,490**	**2,519**

The Group has a 30.87% interest in White Data Systems India Private Limited, which is in the business of providing freight data solutions encompassing technology, certification and finance offering in India. The WDSI has dedicated logistics platform "i-loads", seamlessly connects load providers, logistics agents, brokers and transporters through its disruptive technology. It is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in White Data Systems India Private Limited:

Particulars		**₹ in lakhs**
	30-Sep-19	**31-Mar-19**
Current assets	4,366	4333
Non-current assets	658	540
Current liabilities	(1,225)	(1,067)
Non-current liabilities	(28)	(28)
Equity	**3,771**	**3,778**
Proportion of the Group's ownership	30.87%	30.87%
Group's share in the Equity of the associate	1,164	1,166

Particulars	₹ in lakhs **Six month ended September 30, 2019**
Revenue from contracts with customers	1,804
Other Income	18
Depreciation & amortization	45
Finance cost	15
Employee benefit	115
Other expense	1,737
Profit before tax	**(90)**
Income tax expense	(4)
Profit for the year (continuing operations)	(94)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-
Total comprehensive income for the year (continuing operations)	**(94)**
Group's share of loss considered in the consolidated statement of Profit and loss for the six months ended september 30, 2019	**(29)**

The associate has no contingent liabilities or capital commitments as at September 30, 2019 and March 31, 2019.

46. Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), maintain strong credit rating and healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the Group's capital is monitored by the Board using, among other measures, the regulations issued by RBI.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

46.1 Risk Management

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

Risk Management Framework: The Group's risk management framework is based on (a) clear understanding and identification of various risks (b) disciplined risk assessment by evaluating the probability and impact of each risk (c) Measurement and monitoring of risks by establishing Key Risk Indicators with thresholds for all critical risks and (d) adequate review mechanism to monitor and control risks.

The Group has a well-established risk reporting and monitoring framework. The in-house developed risk monitoring tool, Chola Composite Risk Index, highlights the movement of top critical risks. This provides the level and direction of the risks, which are arrived at based on the two-level risk thresholds for the identified Key Risk Indicators and are aligned to the overall Group's risk appetite framework approved by the board. The Group also developed such risk reporting and monitoring mechanism for the risks at business / vertical level. The Group identifies and monitors risks periodically. This process enables the Group to reassess the top critical risks in a changing environment that need to be focused on.

Risk Governance structure: The Group's risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the Group directly as well as through a board constituted risk management committee. The committee, which meets a minimum of four times a year, reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured annual plan. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management. The Group's risk management initiatives and risk MIS are reviewed monthly by the executive director and business heads. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, foreign currency risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk, operational risk, liquidity and foreign currency risk.

46.2 Credit Risk

Credit risk arises when a borrower is unable to meet financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

The Group has comprehensive and well-defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises. Also, being in asset financing business, most of the Group's lending is covered by adequate collaterals from the borrowers. The Group developed application scoring model to assess the credit worthiness of the borrower for underwriting decisions for its vehicle finance, home equity and home loan business.

The Group also has a well-developed business planning model for the vehicle finance portfolio, to help business teams plan volume with adequate pricing of risk for different segments of the portfolio.

46.3 Market Risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management activities. The Group is exposed to interest rate risk and liquidity risk.

The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework. ALCO activities are in turn monitored and reviewed by a board sub-committee.

46.4 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group is in retail lending business on pan India basis targeting primarily customers who either do not get credit or sufficient credit from the traditional banking sector. Vehicle Finance (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors, Construction Equipment and Trade advance to Automobile dealers) is lending against security (other than for trade advance) of Vehicle/ Tractor / Equipment and contributes to 74% of the loan book of the Group as of September 30, 2019 (74% as of March 31, 2019). Hypothecation endorsement is made in favour of the Group in the Registration Certificate in respect of all registerable collateral. Portfolio is reasonably well diversified across South, North, East and Western parts of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Muti Utility Vehicles, three-wheeler and Small Commercial Vehicles, Refinance against existing vehicles, older vehicles (first time buyers), Tractors and Construction Equipment have portfolio share between 3% and 21% (between 5% and 22% as of March 31, 2019) leading to well diversified sub product mix.

Home Equity is mortgage loan against security of existing immovable property (primarily self occupied residential property) to self-employed non- professional category of borrowers and contributes to 21% of the lending book of the Group as of September 30, 2019 (21% as of March 31, 2019). Portfolio is concentrated in North (41%) with small presence in East (4%). The remaining is evenly distributed between South and Western parts of the country.

The Concentration of risk is managed by Group for each product by its region and its sub-segments. Group did not overly depend on few regions or sub-segments as of September 30, 2019.

46.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the Group has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

46.6 Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. The Group also has lines of credit that it can access to meet liquidity needs.
Refer Note No 47 for the summary of maturity profile of undiscounted cashflows of the Group's financial assets and financial liabilities as at reporting period.

46.7 Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as Cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The Counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

46.8 Disclosure of Effects of Hedge Accounting
Cash flow Hedge
As at September 30, 2019

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument (₹ in lakhs)	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness (₹ in lakhs)	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	7	5	2,44,224	1,56,303	November 07, 2019 to June 03, 2024	(12,012)	16,946	Borrowings and Finance cost

Period ended September 30, 2019

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income (₹ in lakhs)	Hedge Effectiveness recognised in profit and loss (₹ in lakhs)	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss (₹ in lakhs)	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	(4,547)	-	-	NA

As at March 31, 2019

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (` in Lakhs)		Maturity Date	Changes in Fair value of Hedging Instrument	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness	Line item in Balance sheet
	Asset	Liability	Asset	Liability				
Cross Currency Interest rate swap	5	1	18,263	3,549	November 07, 2019 to March 18, 2022	8,028	(8,415)	Borrowings and Finance cost

Period ended September 30, 2018

Cash flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	Hedge Effectiveness recognised in profit and loss	Amount reclassified from Cash Flow Hedge Reserve to Profit or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign exchange risk and Interest rate risk	2,864	-	-	NA

46.9 Collateral and other credit enhancements

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. Vehicle Finance and Home Equity loans are secured by collateral at the time of origination. In case of Vehicle loans, Group values the vehicle either through proforma invoice (for new vehicles) or using registered valuer for used vehicles. In case of Home equity loans, the value of the property at the time of origination will be arrived by obtaining two valuation reports from Group's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Group in the Registration Certificate of the Vehicle/ Tractor / Equipment funded under the vehicle finance category.

Immovable Property is the collateral for Home Equity loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

In respect of Other loans, Home loans follow the same process as Home Equity and pledge is created in favour for the Group for loan against securities. The Group does not obtain any other form of credit enhancement other than the above. 99% of the Group's term loan are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 47 - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at September 30, 2019

₹ in lakhs

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
Financial Assets								
Cash and Cash Equivalents	3,52,518	2,04,896	-	-	-	-	-	**5,57,414**
Bank balances other than Cash and Cash Equivalents	543	2,672	31,575	3,390	28,741	6,906	16,957	**90,784**
Derivative financial instruments	-	8,648	-	4,150	474	-	-	**13,272**
Receivables	-	-	-	-	-	-	-	
i) Trade Receivables	3,341	-	-	-	-	-	-	**3,341**
ii) Other Receivables	4,362	-	-	-	-	-	-	**4,362**
Loans	3,98,895	4,23,466	5,90,503	10,99,391	29,51,883	8,82,085	12,30,931	**75,77,154**
Investments								
i) Associate	-	-	-	-	-	-	2,490	**2,490**
ii) Others	40	-	-	-	-	-	1,248	**1,288**
Other Financial Assets	3,462	2,796	2,489	6,706	12,661	3,924	5,099	**37,137**
Total Undiscounted financial assets	**7,63,161**	**6,42,478**	**6,24,567**	**11,13,637**	**29,93,759**	**8,92,915**	**12,56,725**	**82,87,242**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	363	897	-	**1,260**
Payables	-	-	-	-	-	-	-	
(I) Trade Payables		-	-	-	-	-	-	
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	21,653	-	-	-	-	-	-	**21,653**
(II) Other Payables	-	-	-	-	-	-	-	
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	6,846	-	-	-	-	-	-	**6,846**
Debt Securities	63,362	4,28,179	3,16,795	1,69,450	3,68,205	72,549	3,140	**14,21,680**
Borrowings(Other than Debt Securities)	1,90,043	3,03,769	2,89,838	4,89,209	25,71,874	6,00,781	1,06,629	**45,52,143**
Subordinated Liabilities	3,380	17,745	10,391	33,357	1,88,973	1,36,681	2,12,801	**6,03,328**
Other Financial Liabilities	31,093	817	1,225	2,471	7,590	1,991	-	**45,187**
Total Undiscounted financial liabilities	**3,16,377**	**7,50,510**	**6,18,249**	**6,94,487**	**31,37,005**	**8,12,899**	**3,22,570**	**66,52,097**
Total net Undiscounted financial assets/(liabilities)	**4,46,784**	**(1,08,032)**	**6,318**	**4,19,150**	**(1,43,246)**	**80,016**	**9,34,155**	**16,35,145**

CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 47 - Analysis of Financial Assets and Financial Liabilities by remaining contractual maturities

As at March 31, 2019

₹ in lakhs

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
Financial Assets								
Cash and Cash Equivalents	89,996	2,29,834						**3,19,830**
Bank balances other than Cash and Cash Equivalents	370	6,810	3,997	12,521	22,226	2,172	19,394	**67,490**
Derivative financial instruments				7,229	1,640			**8,869**
Receivables								
i) Trade Receivables	4,128							**4,128**
ii) Other Receivables	3,908							**3,908**
Loans	3,47,736	4,01,295	5,55,041	10,37,025	28,11,745	8,93,363	12,75,688	**73,21,893**
Investments								**-**
i) Associate							2,519	**2,519**
ii) Others							1,631	**1,631**
Other Financial Assets	-	1,461	1,006	1,775	5,487	1,051	3,117	**13,897**
Total Undiscounted financial assets	**4,46,138**	**6,39,400**	**5,60,044**	**10,58,550**	**28,41,098**	**8,96,586**	**13,02,349**	**77,44,165**
Financial Liabilities								
Derivative financial instruments	-	-	-	-	841	-	-	**841**
Payables								
(I) Trade Payables								**-**
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	23,145	-	-	-	-	-	-	**23,145**
(II) Other Payables								
i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	**-**
ii) Total outstanding dues of creditors other than micro and small enterprises	12,894	-	-	-	-	-	-	**12,894**
Debt Securities	1,35,795	1,85,058	3,04,085	3,85,148	4,18,809	95,999	19,429	**15,44,323**
Borrowings(Other than Debt Securities)	1,75,149	1,04,374	2,30,379	5,70,299	20,56,987	3,77,195	1,32,833	**36,47,216**
Subordinated Liabilities	1,366	31,953	8,427	31,516	1,98,024	1,42,836	2,31,807	**6,45,929**
Other Financial Liabilities	21,362	-	-	-	252	21	-	**21,635**
Total Undiscounted financial liabilities	**3,69,711**	**3,21,385**	**5,42,891**	**9,86,963**	**26,74,913**	**6,16,051**	**3,84,069**	**58,95,983**
Total net Undiscounted financial assets/(liabilities)	**76,427**	**3,18,015**	**17,153**	**71,587**	**1,66,185**	**2,80,535**	**9,18,280**	**18,48,182**

Note 48

Note 48.1 Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group 's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

₹ in lakhs

	30-Sep-19		March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	
As on March 31, 2019				
Financial Assets				
Cash and Cash Equivalents	5,54,899	5,54,899	3,16,435	3,16,435
Bank balances Other than Cash and Cash Equivalents	77,139	77,139	54,411	54,411
Receivables				
i) Trade Receivables	3,341	3,341	4,128	4,128
ii) Other Receivables	4,362	4,362	3,908	3,908
Loans	55,69,461	54,57,754	52,61,077	52,80,975
Other Financial Assets	31,771	31,771	13,896	13,896
Total Financial Assets	**62,40,973**	**61,29,266**	**56,53,855**	**56,73,753**
Financial Liabilities				
Payables				
i) Trade Payables	21,653	21,653	23,145	23,145
ii) Other Payables	6,846	6,846	12,894	12,894
Debt Securities	13,28,090	13,56,566	14,18,431	14,13,496
Borrowings(Other than Debt Securities)	38,56,945	38,77,150	32,12,375	32,10,512
Subordinated Liabilities	4,05,313	3,62,294	4,25,868	4,28,174
Other Financial Liabilities	43,347	43,347	21,676	21,676
Total Financial Liabilities	**56,62,194**	**56,67,856**	**51,14,389**	**51,09,897**

The Management assessed that cash and cash equivalents, bank balance other than Cash and cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

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

i) Derivatives are fair valued using market observable rates and publishing prices

ii) The fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

iii) The fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

iv) The fair values of quoted equity investments are derived from quoted market prices in active markets.

Note 48.2 - Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities
Quantitative disclosure fair value measurement hierarchy of assets as at September 30, 2019

₹ in lakhs

		Fair value measurement using		
	Carrying value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at Fair value				
FVTOCI Equity Instruments	1,248	818	430	-
FVTPL Equity Instruments	40	40		
Derivative financial instruments	13,272	-	13,272	-
Assets for which fair values are disclosed				
Loans	55,69,461	-	54,57,754	-
Investment Properties *	47	-	-	317

There have been no transfers between different levels during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at September 30, 2019 — ₹ in lakhs

		Fair value measurement using		
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	1,260	-	1,260	-
Liabilities for which fair values are disclosed				
Debt Securities	13,28,090	-	13,56,566	-
Borrowings(Other than Debt Securities)	38,56,945	-	38,77,150	-
Subordinated Liabilities	4,05,313	-	3,62,294	-

There have been no transfers between different levels during the period.

Quantitative disclosure fair value measurement hierarchy of assets as at March 31, 2019 — ₹ in lakhs

		Fair value measurement using		
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at Fair value				
FVTOCI Equity Instruments	1,631	1,113	518	-
Derivative financial instruments	8,869	-	8,869	-
Assets for which fair values are disclosed				
Loans	52,61,077	-	52,80,975	-
Investment Properties *	47	-	-	287

There have been no transfers between different levels during the period.
* Fair value of investment property is calculated based on valuation given by external independent valuer.

Quantitative disclosure fair value measurement hierarchy of liabilities as at March 31, 2019 — ₹ in lakhs

		Fair value measurement using		
	Carrying value	**Quoted price in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities measured at Fair value				
Derivative financial instruments	841	-	841	-
Liabilities for which fair values are disclosed				
Debt Securities	14,18,431	-	14,13,496	-
Borrowings(Other than Debt Securities)	32,12,375	-	32,10,512	-
Subordinated Liabilities	4,25,868	-	4,28,174	-

There have been no transfers between different levels during the period.

Note 48.3 Summary of Financial assets and liabilities which are recognised at amortised cost

	As at	
Particulars	**September 30, 2019**	**March 31, 2019**
Financial Assets		
Cash and Cash Equivalents	5,54,899	3,16,435
Bank balances other than Cash and Cash Equivalents	77,139	54,411
Loans	55,68,311	52,59,927
Other Financial Assets	31,771	13,896
Financial Liabilities		
Debt Securities	13,28,090	14,18,431
Borrowings(Other than Debt Securities)	38,56,945	32,12,375
Subordinated Liabilities	4,05,313	4,25,868
Other Financial liabilities	43,347	21,676

48.4 Refer Note 15 for sensitivity analysis for investment property, whose fair value is disclosed under the level 3 category.

Note 49: Disclosures in connection with IND AS 116 - Leases

Part A
Transition

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and applied the Standard to all the lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right to use asset was created for an amount equal to the lease liability. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for the year ended March 31, 2019.

On transition, the adoption of the new standard has resulted in recognition of "lease liability of Rs. 12,208 lakhs and the 'Right-of- Use' asset of an equivalent amount which has been discounted at 9% p.a.. The effect of this adoption is insignificant on the profit for the period and the earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in the cash outflows from financing activities on account of lease payments.

The following is the summary of the practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognise right of use assets and liabilities with less than 12 months of lease term on the date of initial application.
3.Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligations recorded as of March 31, 2019 under Ind AS 17 and the value of lease liability as of April 1, 2019 under Ind AS 116 is primarily on account of cancellable leases

Part B
Other Disclosures

(i) Movement in the carrying value of the Right to Use Asset for the period ended September 30, 2019

Particulars - Buildings	Amount (Rs. in lakhs)
Opening Balance	12,208
Depreciation charge for the Period	(1,960)
Additions during the Period	2,058
Adjustment/Deletion	(834)
Closing Balance	**11,472**

(ii) Classification of current and non current liabilities of the lease liabilities as at September 30, 2019

Particulars	Amount (Rs. in lakhs)
Current liablities	4,716
Non Current Liabilities	7,911
Total Lease liabilities	**12,627**

(iii) Movement in the carrying value of the Lease Liability for the period ended September 30, 2019

Particulars	Amount (Rs. in lakhs)
Opening Balance	12,208
Interest Expense	579
Lease Payments [Total Cash Outflow]	(2,218)
Additions during the year	2,058
Closing Balance	**12,627**

(iv) Contractual Maturities of Lease liability outstanding as at September 30, 2019

Particulars	Amount (Rs. in lakhs)
Less than one year	4,953
One to five Years	11,268
Total	**16,221**

Lease expenses relating to short term leases aggregated to Rs.1.23 Lakhs during the period ended September 30, 2019
Lease liabilities are recognised at weighted average incremental borrowing rate ranging from 8% to 12%.
The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to the lease liabilities as and when they fall due.

CHOLAMANDALAM INVESTMENT ANO FINANCE COMPANY LIMITED
Notes forming part of the Interim Consolidated Ind AS financial statements for the six months ended September 30, 2019

Note 50: Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 as at and for the period ended September 30, 2019 and March 31, 2019

As at September 30, 2019

₹ in lakhs

Name of the entities	Net Assets (i.e. total assets less total liabilities) As % of Consolidated Net Assets	Amount	Share in Profit and Loss As % of Consolidated Profit and Loss	Amount	Other Comprehensive Income As % of Consolidated Other Comprehensive Income	Amount	Total Comprehensive Income As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	6,65,971	100%	62,089	89%	(2,755)	100%	59,334
II. Subsidiaries								
Cholamandalam Securities Limited	1%	3,432	0%	133	1%	(27)	0%	106
Cholamandalam Home Finance Limited	1%	5,021	0%	18	10%	(307)		(289)
Minority Interests in all subsidiaries	0%	0	0%	0	0%	0	0%	-
II. Associates (Investment as per equity method)								
White Data Systems India Private Limited	0%	2,490	0%	(29)	0%	0	0%	(29)
	100%	**6,76,914**	**100%**	**62,211**	**100%**	**(3,089)**	**100%**	**59,122**

As at March 31, 2019

Name of the entities	Net Assets (i.e. total assets less As % of Consolidated Net Assets	Amount	Share in Profit and Loss As % of Consolidated Profit and Loss	Amount	Other Comprehensive Income As % of Consolidated Other Comprehensive Income	Amount	Total Comprehensive Income As % of Consolidated Total Comprehensive Income	Amount
I. Parent								
Cholamandalam Investment and Finance Company Limited	98%	6,09,139	101%	1,20,412	(194%)	409	101%	1,20,820
II. Subsidiaries								
Cholamandalam Securities Limited	1%	3,904	0%	255	53%	(112)	0%	143
Cholamandalam Home Finance Limited	1%	5,309	(1%)	(762)	241%	(508)	(1%)	(1,270)
Minority Interests in all subsidiaries	0%	-	0%	(147)	0%	-	0%	(147)
II. Associates (Investment as per equity method)								
White Data Systems India Privat	0%	2,519	0%	(98)	0%	0	0%	(98)
	100%	**6,20,871**	**100%**	**1,19,659**	**100%**	**(211)**	**100%**	**1,19,448**

51. Events after reporting date

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

52. Prior period information

Prior period figures have been regrouped, wherever necessary, to conform to the current period presentation. The figures for the comparative period ended September 30, 2018 are unaudited and prepared by the Management.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn No.101049W/E300004

per **Subramanian Suresh**
Partner
Membership No: 083673

Date: November 5, 2019
Place: Chennai

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

Arun Alagappan
Executive Director

MM Murugappan
M M Murugappan
Chairman

P Sujatha
Company Secretary

D Arul Selvan
Chief Financial Officer